FOREIGN AFFAIRS

MAY/JUNE 1994

China's Growing Pains

RICHARD HORNIK • GERALD SEGAL

Forcing Japan to Be Free

Two Views on Trade

ROGER C. ALTMAN • JAGDISH BHAGWATI

The Zhirinovsky Threat

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The Lagging Partnership

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Problems of Nationalism

MICHAEL LIND • GIDON GOTTLIEB

Henry Kissinger on Containment

Michael Howard on Kissinger

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FOREIGN AFFAIRS

MAY/JUNE 1994
VOLUME 73, NUMBER 3

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It is time for Japan to open its markets and end the drag that its persistent trade surpluses create on world growth. The Clinton administration is right to demand measurable progress in specific import sectors.

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The Clinton administration is unfairly manhandling Japan and abandoning free markets in favor of managed outcomes, undermining the global trading regime.

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Soaring production costs and sinking defense budgets are killing off competing arms-makers. America must use its arms monopoly for the good of global security.

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Housing a host of flourishing economies, the Asia-Pacific Economic Cooperation forum can serve as a laboratory to test and refine global trade negotiations.

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Bursting China's Bubble *Richard Hornik* 28

China's economic "boom" is more mirage than miracle, and rosy predictions are based on its neighbors' successes, not Beijing's ability to sustain growth. The regime is more akin to Latin America's hyperinflationary Peronistas than East Asia's ascetic militarists. Beijing has flunked the fundamentals of sound fiscal and monetary policy and proven incapable of accommodating the impulses of a free market. Inflation, speculation and lax regulation are fueling a bubble economy.

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China's Changing Shape *Gerald Segal* 43

Deng Xiaoping has embarked on a risky strategy that pushes economic decentralization at a time when international forces are pulling China's regions apart. Provinces feud with each other over trade and with Beijing over taxes. East Asian neighbors, leery of a unified great power, exacerbate internal tensions by drawing China's fringes into competing economic spheres. Beijing is increasingly helpless to assert its control, and real power on a range of issues has already devolved to the local level. As the last of the old guard acquiesces in the move from Mao to market economics, China may not only be changing face but also shape.

The Lagging Partnership *Andrei Kozyrev* 59

A democratic Russia is as natural an ally of the United States as a totalitarian Soviet Union was a foe. For both the United States and Russia constructive partnership is the best strategic choice. Despite its troubles, Russia remains a great power. In a range of economic and security organizations, the West must make room for greater Russian input. Russia cannot accept a partnership in which one side retains complete freedom while demanding that the other coordinate its every step. The West must consider Russia's special role and interests in its "near abroad," where Moscow will seek gradual and voluntary reintegration. The benefits of partnership are real but require frank dialogue and mutual trust.

The Zhirinovsky Threat *Jacob W. Kipp* 72

A powerful orator with shrewd political instincts who skillfully manipulates media attention, Vladimir Zhirinovsky has emerged as a potent threat to Russia's political and economic reforms. Despite the electoral success of his Liberal Democratic Party, which now commands a strategic position in the Russian parliament, many dismiss Zhirinovsky as a bit player, projected less by his own talents than by the inadequacies of Russian reformers. But a careful reading of his memoirs and LDP literature indicates that he may have more substantive appeal than his critics allow. To dismiss this ultranationalist demagogue as a self-destructive clown is dangerous and ignores the real danger that he poses to Russian democracy.

In Defense of Liberal Nationalism *Michael Lind* 87

The idea that every nation should have its own state has been the most powerful political force of the past two hundred years. Yet in an age of transnationalism and rising demands for sovereignty, many view secessionist movements as dangerous. U.S. policy harbors a prejudice against nationalism, without distinguishing between benign and malignant strains. Reflexive support for multinational political entities, especially despotic ones, is as misguided as automatically rejecting policies that would create new national homelands. The United States should no longer consider selective support of oppressed minorities as a policy of last resort.

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Most of today's national and ethnic conflicts cannot be settled by a revision of boundaries. To prevent the cauldron of ethnic unrest from boiling over, a new framework is required where Wilsonian principles have failed. Self-determination must be supplemented by a new scheme that is less territorial in character and more regional in scope. A "states-plus-nations" approach would create special functional zones across state boundaries and national home regimes in historical lands. It would recognize the rights and status of stateless national communities and differentiate between nationality and state citizenship.

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Reflections on Containment *Henry Kissinger* 113

George Kennan's "X" article, published in these pages more than 45 years ago, outlined for the United States a "doctrine of perpetual struggle" against communist ideology. The "containment" strategy optimistically assigned the American people the task of redeeming their Soviet rival. As long as the Kremlin remained wedded to its ideology, negotiation was futile. The struggle could only end with the collapse and conversion of the Soviet system. Critics assailed the policy as too global, reactive and moralistic for a nation possessed of no authority to undertake a crusade. Containment nonetheless guided American policy, and Kennan came closest, and earliest, in his prediction of the fate that would befall Soviet power.

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Henry Kissinger's eleventh book, *Diplomacy*, is a magnificent survey of power politics over more than three centuries. He contends that the great statesmen—Richelieu, Metternich and (of course) Nixon—have tried to purchase international stability with judicious realism, while paying political debts to ideological constituents. But *Diplomacy* fails to transcend eloquent nostalgia; Kissinger's brand of realism is ill-suited to today's interdependent world.

Tales of the Desert *Eliot A. Cohen* 141

The latest wave of books about the Persian Gulf War brings into relief how much the war's initial reportage missed. The facile self-promotion of CNN and the self-absorption of baby boomer journalists are now being replaced by tempered, nuanced accounts of evolving strategy, incendiary personalities and massive logistics. Of these books, the forthcoming *The Generals' War* is best.

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Editor's Note

Cross-Purposes

The Clinton administration credits itself for aggressively putting economics first among America's post-Cold War international priorities. It backs up the rhetoric by identifying targets ("big emerging markets" and "big emerging sectors") against which to marshal coordinated public and private forces. The tools to execute the strategy are plentiful and varied—trade agreements, unilateral incentives, penalties, subsidies and technology deregulation.

Ranking economics first has been accompanied by a publicized shift of the administration's attention from Europe to Asia. Yet ironically, the administration is embroiled in a potentially debilitating economic conflict with Asia's two largest economies—Japan and China.

These important rifts are behind the four articles on China and Japan in this issue. *Time* magazine correspondent Richard Hornik draws on his years in Beijing and Hong Kong to temper the euphoric projections about China's economic prospects. Citing continued high inflation, unchecked corruption and unreliable statistics, Hornick discerns a bubble economy behind a Potemkin village facade. Scholar Gerald Segal finds economic strains to be only one of the tensions fueling the centrifugal pull of China's dynamic periphery. After Deng Xiaoping, Segal expects a messy pattern of continuing power struggle between the center and the regions, which is likely to increase economic risks.

Roger C. Altman, deputy secretary of the Treasury, disputes those who argue that Japan's $130 billion trade surplus is not a drag on global demand, economic expansion and job creation. He thinks the Clinton combination of macroeconomic and trade pressures, including insistence on measurable results, is more likely than past efforts to pry open Japan's markets. Economist Jagdish Bhagwati thinks the Clinton policy is fatally flawed on several counts: it undermines rather than supports the openness trends within Japan, seeks trade regulated by quantification rather than by rules and threatens unilateral penalities in place of the General Agreement on Tariffs and Trade's new binding settlement procedures.

In a comment on the Asia-Pacific, economist C. Fred Bergsten argues that the benefits of trade relationships can be enhanced and the obstacles diminished by seizing the cooperative potential of the Asia-Pacific Economic Cooperation forum.

RUSSIA'S FUTURE

Vladimir Zhirinovsky's unexpected success in Russia's December parliamentary

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elections may never lead him to power. But were he to gain the presidency in upcoming elections, Zhirinovsky's fascist program is far more developed than suggested by his deliberately outrageous sound bites. Military analyst Jacob W. Kipp sifts through Zhirinovsky's writings and those of his chief ideologists to uncover a chilling portrait of a demagogue's true intentions. Russian Foreign Minister Andrei Kozyrev acknowledges the potential danger of Zhirinovskyism. However, Kozyrev believes the majority of political forces within Russia favor continued political and economic reform, even if they disagree on specifics. Kozyrev sees Western patience and support as critical, best symbolized by a willingness to speed up the "lagging" Russian-U.S. partnership for constructive global leadership.

Aggressive nationalism—in Russia and elsewhere—has the broadest wingspan of the post-Cold War passions. Michael Lind, author of an upcoming book on the subject, faces up to the inherent instability of states whose diverse ethnic groups coexist unwillingly within borders created by imperial and colonial mapmakers. Pointing to premodern Europe as precedent, Lind looks for stability from an international order of 500 or more relatively homogenous states of varying size. Such a system would fit contemporary needs—local accountability on the one hand and regional economic arrangements on the other.

No less aware of virulent nationalism's explosive potential, legal scholar Gidon Gottlieb is even more chilled by the dangers of attempting to dismantle existing nation states. Gottlieb cites different precedents to support his case for "soft" arrangements, which would allow citizens to honor obligations to their resident states while also possessing specific rights bonding them to national brethren elsewhere.

BY AND ABOUT KISSINGER

Adapting a chapter from his new book, *Diplomacy*, Henry Kissinger reflects on the landmark policy of containment. Kissinger pays tribute to an "extraordinary" theory that was "profound in its assessment of Soviet motivations yet curiously abstract in its prescriptions." Containment was ultimately successful but, like any policy, not without costs. The doctrine suspended diplomacy and expanded obligations in expensive ways that hindsight may suggest were avoidable. In the book review section, *Diplomacy* is assessed by noted British historian Michael Howard. He finds it a "magnificent survey, not only of the world in Kissinger's own lifetime, but of that ancien régime from which he derived his values." But Howard questions how applicable the lessons of a concluded international order will be to the world of the 21st century.

James F. Hoge, Jr.
Editor

(Comments on Paul Krugman's essay on "competitiveness," which was published in the last issue of Foreign Affairs, *have been many and major. A set of them will be published along with Krugman's response in our July/August issue.)*

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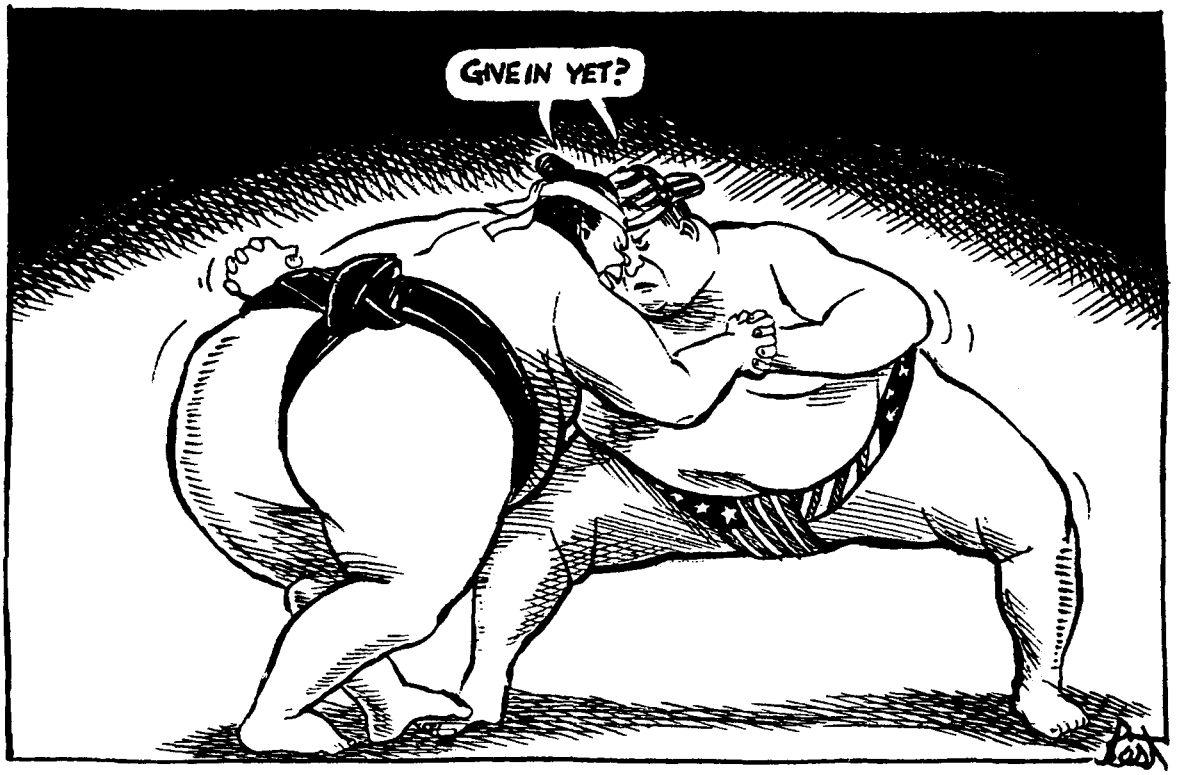
Comments



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"The time has come for Japan to move toward global convergence in opening its markets."

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"Washington is obsessed with the view that Japan must be dealt with as an outlaw."

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Why Pressure Tokyo?

Roger C. Altman

The strained relations between Japan and the United States cannot be explained by spurious charges that the Clinton administration is pushing managed trade, capitalizing on anti-Japanese sentiment to score domestic political points or needlessly bashing Japan over economically meaningless international surpluses. Rather, the tensions arise from two fundamental and related developments: changed American priorities and the pronounced drag of Japan's huge current account surplus on global demand, economic expansion and job creation.

The Clinton administration's drive to spur global economic growth and strengthen U.S. economic potential requires a new deal with Japan. For itself and all other nations, the United States is seeking to converge Japan's international accounts with the rest of the industrialized world and to open Japan's markets.

NO MORE FREE RIDE

The search for such convergence marks a transition in U.S.-Japan relations—the fourth such transition since World War II. First came the reconstruction period, running through the early 1950s, in which the United States consciously helped rebuild Japan's industrial capacity in order to make democracy permanent. The United States tolerated Japan's protection of home markets, its resurrection of certain prewar practices and the resulting *keiretsu* structure of industrial cross-share holdings, in which companies cooperate informally.

The second phase began with the 1952 Mutual Security Assistance Pact, which ended U.S. occupation of Japan. The pact extended the U.S. nuclear umbrella over Japan and made Japan the Asian cornerstone of the Cold War containment strategy. Japan became vital to the defense of Pacific sea-lanes and host to the largest U.S. military base in the region. Although economic issues were steadily emerging, they remained secondary to security interests.

Japan's growing economic prowess

ROGER C. ALTMAN is Deputy Secretary of the Treasury for the Clinton administration.

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ushered in the third phase, which lasted from the early 1970s until the end of the Cold War. During that period economic policy differences and trade frictions continually rose even while the security issue remained paramount. Japanese firms, assisted by Tokyo's administrative guidance and targeted industrial policies, became world-class producers and successful competitors for export markets. Aided by massive domestic savings and an undervalued yen, Japan ran growing trade and current account surpluses with the rest of the world, especially the United States. U.S. pressure on Japan to open its home market produced a pattern whereby the Japanese government engaged in protracted trade negotiations while opening its economy as little as possible. When agreements were finally reached, they were often vaguely worded and subject to conflicting interpretations.

Beginning in 1993, the U.S.-Japan relationship was jolted into its fourth phase by newly elected President Clinton, whose sense of post-Cold War priorities put economic matters first. Assessing the relationship, his administration found the security component to be solid and cooperation on global development and environmental issues to be in working order. But the economic dimension was badly in need of repair and required a new perspective on Japan. A diminished need for a bulwark against Soviet expansionism accompanied a rise of other viable economic partners in the Asia-Pacific region. Within the United States, public attention sharply shifted toward unmet domestic needs. The electorate wanted a leader whose primary focus was jobs and economic growth at home. And in trade competition, the public, business and Congress clamored for tough action to level the playing fields, particularly with Japan.

MEASURABLE RESULTS

The Clinton administration conceived its policy on three broad premises. The first premise was that ending stagnation at home required key initiatives, of which the first was congressional passage of the president's $500 billion deficit reduction plan. The second premise was that Japan's trade surplus of $130 billion ($50 billion with the United States) was too large to be sustained. Weak stimulus packages were inadequately addressing this surplus, despite Japan's structural budget surplus. The third premise was that continued recalcitrance explained why Japan's imports of manufactured goods represented only 3.1 percent of Japan's GNP compared to an average of 7.4 percent for other Group of Seven countries. Further out of line, Japan's incoming foreign direct investment stood at 0.7 percent of GDP versus 28.6 percent for the United States and 38.5 percent for Europe.

Japan's import and investment penetration problem reflects a series of long-standing visible and invisible trade barriers that have proved impervious to sectoral negotiations, structural impediment initiatives and investment access agreements. Thus a fresh U.S. approach was needed. The new relationship required a framework encompassing both macroeconomic and trade policy. Stronger domestic demand-led growth in Japan would help facilitate import penetration. The trade component would focus on removing structural and sectoral

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barriers to raise the quantity of imports the Japanese will buy when their incomes increase and thereby reduce the current account imbalance. After tough negotiating, the framework agreement of July 1993 committed both parties to four basic commitments, two on each side.

The Clinton administration committed to further deficit reduction efforts and policies to raise savings and improve competitiveness. The administration also pledged a continued openness of U.S. domestic markets provided that Japan holds up its end of the bargain.

For its part, Japan agreed to pursue policies that over the "medium term" would lead to a "highly significant" reduction in its global current account surpluses. The United States made clear that it interpreted "highly significant" to mean a fall in those surpluses from 3.5 percent of GDP to below 2 percent. Further, the United States defined the "medium term" to mean three to four years. Japan's second commitment was to pursue structural and sectoral policies that would lead to a significant increase in imports from all countries (not just the United States) over the same period. The American interpretation of "significant" was a one-third increase. In fairness, however, the U.S. interpretation in both cases was unilateral. Japan fiercely resisted quantifying these areas in the agreement and acknowledges only that the United States has such interpretations.

Nevertheless, in a significant departure from past agreements, a provision called for "qualitative or quantitative indicators" to measure progress. To the United States, this provision meant the two countries had finally agreed to a dialogue on measurable results. But the ink had barely dried on this provision before a fierce public relations campaign ensued against the use of such indicators. The Japanese claimed the agreement represented managed trade and that such a results-oriented approach is antithetical to liberalized trade. Indeed, they argued, the United States was demanding market-share targets in key sectors similar to those granted in the now-infamous 1986 semiconductor agreement.

The rhetorical campaign has been skillful, and many editorialists and economists have joined the criticism. To be fair, the Clinton administration has occasionally compounded the problem by sending ambiguous signals. But Japan's rhetorical campaign does not withstand close scrutiny. The Japanese government that berates the United States on charges of managed trade has long been in the business of targeting market outcomes itself. Furthermore the same government agencies that make these pronouncements have tolerated a remarkable degree of collusion among private Japanese companies at the expense of foreign firms.

The reality is that the agreement does not mandate market-share targets, and the United States is not seeking targets. The issues are goals and measurability. In any particular sector, the U.S. aim is to negotiate a series of long-term goals and objective standards against which progress can be judged. The overall goal should be convergence toward international standards of market openness. Moreover, any particular sector can have several measurements. In the auto sector, for example, measurements might include increases in Japanese dealerships that sell

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both foreign and Japanese cars and domestic content levels in Japanese cars produced in the United States. The framework would measure progress against a series of these indicators of which no one measure would dominate.

The goal of market openness cannot be seriously disputed. It can be achieved almost entirely by deregulation, and that had been a central theme of Japanese Prime Minister Morihiro Hosokawa. And measurable results have no good argument to oppose them. If fair measures are chosen, the entire world can judge whether progress has occurred or not. Nor is the framework an attempt to reconstruct Japan in the U.S. image. The U.S. emphasis on results is precisely designed to shift the debate away from changing the nature of the Japanese economic system.

This new approach is not a bilateral deal for the United States and Japan. The U.S. goal is to open Japanese markets for the benefit of producers from all countries; reducing trade barriers is sought solely on a most-favored-nation basis. The new framework is not only consistent with the principles of the General Agreement on Tariffs and Trade, but, insofar as Japan's closed markets and unbalanced trade represent a major threat to the soundness of the multilateral trading system, the framework is essential to the viability of the GATT system.

The framework is also essential to maintaining support for further market-opening agreements around the world. For example, congressional support for the North American Free Trade Agreement or GATT cannot be obtained if Japan's import penetration problem is simply accepted. Those who say that the growth and job gains from opening Japanese markets are trivial and that the whole effort is misguided show no appreciation for this reality. In Washington, it is a matter of fairness.

The framework's objectives are consistent with the basic aspirations of people everywhere: lower prices, greater consumer choice and higher living standards, a reduction in international tensions and an improvement in their nation's standing. These principles have particular resonance today, given the new Japanese government's emphasis on improving the lot of the Japanese consumer.

IT'S JAPAN'S MOVE

Unfortunately, the two sides were unable to meet the framework's first six-month deadline for sub-agreements in the procurement, automotive and insurance sectors. Moreover, the macroeconomic developments were also disappointing. Tokyo announced a six trillion yen tax cut, ostensibly to boost domestic demand and work down the current account surplus. But the cut took the form of a rebate, with no assurance of lasting after one year. Such one-time tax cuts usually induce savings rather than spending and do not provide meaningful stimulus. Indeed, most analysts estimated that the tax cut would add only 0.7 percent to growth in 1994 and would cut the current account surplus by only $2 billion. The United States registered its disappointment with the tax package.

President Clinton and Prime Minister Hosokawa acknowledged these failures during their remarkably candid summit on February 11. The president noted a

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particular disagreement over the issue of targets. He reaffirmed that the United States was not seeking guaranteed market outcomes, which is how most observers interpret the term "targets." He noted, however, that Japan feared that any goals would ultimately be interpreted as mandatory targets. As a result, therefore, Tokyo was unwilling to accept a combination of goals and measurements. For its part, Washington was adamant. "No agreement was better than an empty agreement," the president said.

Now the talks are suspended and both sides agree that the ball is in Japan's court. Discussions will only recommence if Tokyo develops a new proposal that responds to the framework criteria. After a cooling-off period, there is no reason why such an initiative should not come forward.

In the interim, the United States is taking some unilateral steps. The first has been to reexamine existing trade disputes and seek negotiated solutions or apply sanctions. An obvious example of this step was the cellular phone case and the finding that Japan was in violation. Almost all neutral observers agreed that Motorola had been denied a fair market opportunity. That is why Japan moved and a good agreement ensued, as had happened a few months earlier in the construction case. The second step involved the reimposition by executive order of the Super 301 trade tool. This tool requires identifying, every six months, "priority practices in priority countries" that violate Section 301 of the U.S. trade law. No such countries or practices will be designated before September 30. The administration carefully chose a flexible version of this tool, not the heavy-handed approach favored by some in Congress.

Other steps will be taken in a calm, deliberate manner. This is not a trade war, nor will it spin out of control. The United States will move only where the substance of a dispute is clear. Ultimately, the U.S.-Japan relationship will surmount this period of friction. These are the two largest economies in the world and they are highly interdependent. The security relationship remains strong and important, and the two nations share a vital agenda on global political cooperation.

The time has come for Japan to move toward global convergence in terms of its international accounts and the openness of its markets. On these points, industrialized nations concur even if some disagree with the particulars of the American approach. What issues and challenges will dominate the next century are unclear, but two things are certain: economics will be at the center of international affairs, and the U.S.-Japan partnership will play a key role in determining the course of global events. The Clinton administration is committed to charting a new course of relations with Japan that builds on these emerging realities.

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Samurais No More

Jagdish Bhagwati

The failure of the February 11 Hosokawa-Clinton summit in Washington to produce a trade agreement on U.S. terms was marked by theatrics on the American side. Deputy Treasury Secretary Roger Altman's banter was typical. He declared, with the bluntness that Wall Street breeds, that the United States would wait "until hell freezes over" for the Japanese to accept U.S. demands. When Prime Minister Hosokawa finally said no to them, the American anger was palpable.

U.S. Trade Representative Mickey Kantor brought to center stage the Motorola cellular phones dispute, which the administration had readied to coincide with the summit by speeding up ongoing negotiations. Amenable to manipulation as "proof" of Japan's perfidy, the dispute was also the one most likely to be settled at a low cost, financial and political, by the Hosokawa government to save U.S. face: a crumb thrown to the United States, it could be called a cake.

Indeed Japan ended the dispute by bribing Motorola with investment outlays while affirming the dispute's uniqueness and reiterating the policy of saying no. The Clinton administration, predictably, performed a war dance, celebrating a victory in a skirmish as if it had won the war, attributing the Motorola settlement to American resolve and threats, particularly to the president's revival in March of the "Super 301" weapon, which authorizes the administration to highlight countries it determines are trading unfairly and, if it chooses, to impose trade sanctions in retaliation.

BREAKING ITS OWN RULES

The Clinton administration, however, cannot conceal the reality that its policy is fatally flawed. The policy makes demands that are inconsistent with the

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very principles on which the United States has itself provided leadership in shaping the world trading system over half a century. As important, the policy fails to grasp the significant changes that make both the style and the substance of these demands unacceptable to the new Japan. American policy is thus both unworthy and unworkable.

The problems with that policy concern "quantities" and "process." The United States wants managed trade: specifically, it wants the Japanese government to accept numerical benchmarks and targets for increased imports in specific sectors. It is also pressing for one-way concessions from Japan in areas where the United States has judged Japan to be either closed to imports or in violation of treaty obligations, acting unilaterally instead of using impartial procedures to which Japan would also have recourse. In both respects, the United States has the double disadvantage of having been roundly condemned by other nations and of having not the remotest chance of acceptance by Japan.

Benchmarks are only a weasel word for targets (that is, quotas), and these import targets quickly turn into export protectionism: they work to guarantee for American firms a share of the foreign market just as conventional import protectionism gives firms a guaranteed share of the domestic market.

These targets will multiply because they are open to manipulation by domestic firms that seek assured export markets. When Japan unwisely accepted the Reagan administration's demand for a numerical benchmark (for the first time in U.S.-Japan trade negotiations), economists had forecast that other firms and industries would soon jump on the bandwagon. It was too rewarding a precedent not to exploit, and indeed that is exactly what has happened. Now a complaisant administration has become the agent for the lobbyists of industries such as autos, auto parts and medical equipment, seeking to impose many more such agreements on Japan.

The proliferation of such import targets to several sectors would also bring other countries onto the scene demanding their own guaranteed share of the Japanese market. The reason is plain enough: Japan must be fully aware that if it opens up to imports but those imports do not come from the United States, the pressure from Washington will continue. So Japan will have a powerful incentive to divert its imports from other nations to the United States, even if the United States pretends that its objective is to open the Japanese economy, not throw contracts the way of American firms. Hence, properly fearing trade diversion, the European Union has always said that if Japan concedes import targets to the United States, the EU will be right behind.

If numbers rather than rules are accepted as the way to conduct trade, the prospect is then certain that Japanese industry would soon be subject to heavy regulation and compelled to produce the politically agreed market shares. This would be bad enough for Japan. But it would also be a low blow to the rules-based world trading system that the United States has professed to uphold at the General Agreement on Tariffs and Trade.

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In consequence, the United States, traditionally the leader on trade issues to the applause of economists, has found itself opposed by economists, whether Democrats or Republicans. There is also little support for America's Super 301-aided unilateralism. Washington is isolated when it wants to take the law in its own hands, especially now that the Uruguay Round has produced a binding settlement procedure. Even if Japan were guilty as charged, it is unacceptable that the United States should become complainant, judge and jury.

THE NEW JAPAN

Japan's resistance to U.S. demands was urged worldwide—from Europe in particular—undoubtedly strengthening Hosokawa's resolve to say no. But that resolve comes from within Japan itself, reflecting the nuanced yet remarkable changes that Japan is undergoing. The Clinton administration simply does not get it: the new Japan is trying to be like the old United States just as the new United States, with its flirtation with industrial policy, embrace of demands for managed trade, and (as in the president's announcement of the Saudi purchase of U.S. aircraft) unabashed use of political muscle rather than economic competitiveness to succeed in world markets, is trying to be like the old Japan.

Hosokawa, and the large numbers of reform-minded Japanese who voted the Liberal Democratic Party out of power, wish an end to old-fashioned regulation. Managed trade would turn the clock back when they want to push it forward. The reformers also believe in reciprocal rights and obligations; they reject unilateralism and want multilateralism; they want due process, not the peremptory judgments of the United States (which reflect the self-serving finger-pointing of individual U.S. companies).

Ironically, but predictably, these are American ideas. They have spread rapidly to Japan because, among other reasons, Japan has large numbers of its young citizens abroad. Over 40,000 Japanese students are in the United States today, learning to put their feet on the table in the classroom instead of meekly bowing to the *sensei* (the venerable teacher). With the dramatic shift in the 1980s in the share of Japanese direct foreign investment away from the poor countries to the rich, prompted in part by the outbreak of protectionism in the EU and in the United States, which restricted export access to these markets, great numbers of Japanese women and children also live in the West. They are a subversive, modernizing force. Increased numbers of Japanese academics can now be found on U.S. campuses, speaking English fluently and working with Americans at the frontiers of science when only a decade ago there were practically none.

The Japan that was so set on what the historian Henry Smith has aptly called "controlled openness"—drawing carefully on what it liked in other cultures rather than abandoning itself, like the United States, to free cultural influx and experimentation—is now beyond such control. The globalization of the Japanese economy and modern communications imposes its own logic on the nation. But the Clinton aides in charge of Japan policy, mainly Wall Street luminaries and high-profile lawyer-lobbyists with life-

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styles that leave little room for reflection and put a premium on going for the jugular, appear to be ignorant of this historic transformation. These Clinton warriors think they are fighting the samurai when they are facing GIs.

Indeed, these aides manifested their lack of comprehension of the new Japan with tactical errors in negotiations leading up to the summit. The bureaucrats in Japan were assumed to be the problem. The new politicians, keen on reform, were assumed to be U.S. allies in seeing the manifest virtue of demands for managed trade to "open Japan." But the new politicians were the ones who had principled objections to managed trade and also to U.S. unilateralism.

While the United States was pretending that benchmarks were different from targets, Kantor did not even bother to dissimulate when, in the semiconductor agreement, the U.S. market share fell recently below the 20 percent benchmark; instead he came out swinging with both hands, complaining about the shortfall as if the benchmark were a target and demanding corrective action. Moreover, the president, indulging in Japan-bashing to promote the North American Free Trade Agreement, had already promised revival of Super 301, taking the incentive away from the Japanese to settle on U.S. terms in order to avoid the provision's reenactment. The Clinton aides failed to understand that their twin assumptions about Japan—that nothing but bluster can succeed and that bluster cannot fail—were no longer valid.

In the end, the flaw in U.S. policy derives from the exaggeration of Japan's differences of yesterday as much as from an ignorance of its rapid convergence to the United States today. Washington is obsessed with the view that Japan is different and special, a predatory exporter and an exclusionary importer that must be dealt with as an outlaw, what Jonathan Rauch has called an "outnation," with tough external *gaiatsu* (foreign pressure) and targets to restrain exports and expand imports.

Economic analysis hardly supports such stereotypes. The simpleminded assertion coming from the Clinton administration that, because Japan's share of manufactured imports in GNP is below the average of the Group of Seven industrialized nations, Japan "underimports" and has a closed market requiring special measures is nonsense. By that token, since Canada's share is substantially higher than the United States', the United States should be judged closed relative to Canada. Sophisticated econometric studies of the question are badly divided; the better-crafted of these certainly do not support the thesis that Japan imports too little, nor do they indicate a special and extraordinary effect of informal trade barriers that make Japan a fit case for unusual treatment in the world trading system.

Even the imports by Japan of manufactured goods, a persistent source of complaint, have grown in the last decade to over half of its imports. Moreover, the foreign share in many of Japan's high-tech markets, so dear to Clintonites, is by no means static or small. The table on the following page, based on recently released data from the National Science Foundation, shows that in seven important high-tech markets, the U.S. and Japanese import shares look pretty similar, so much

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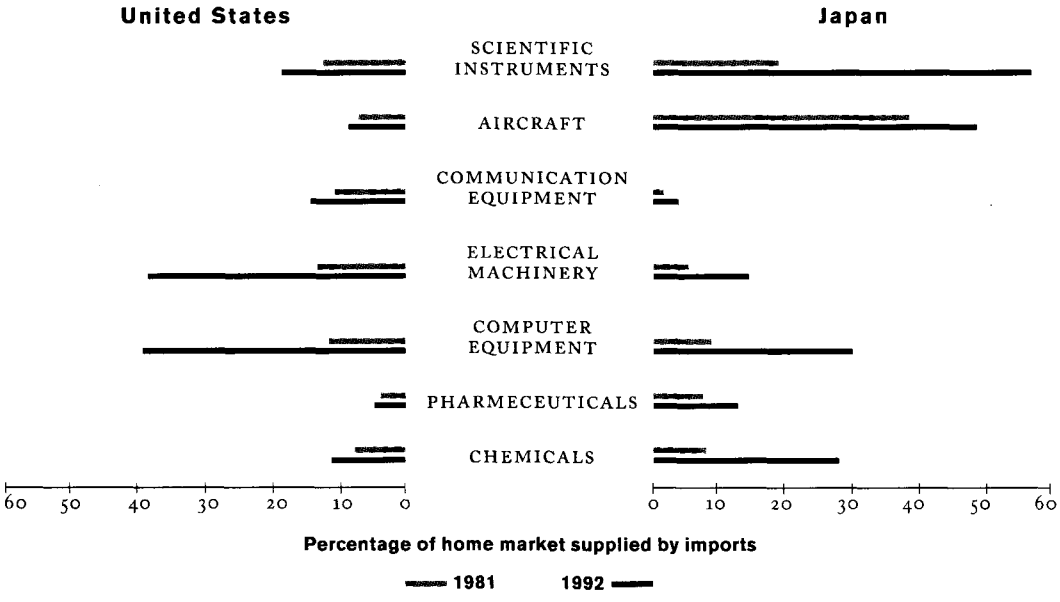
IMPORT PENETRATION OF SEVEN HIGH-TECH MARKETS: 1981 AND 1992



so that if the industries and the countries were blacked out, one could well mistake the U.S. chart for Japan's.

The notion of Japan's overwhelming difference nonetheless persists because it is reinforced by the egregious fallacy, often repeated by the president and his aides in public, that Japan's huge bilateral surplus with the United States is surefire proof that Japan's markets are closed, requiring a concentration of one's wrath and energy on Japan. Occasionally, counterintuitive economic sense will prevail for a moment, but then fallacy, so compelling to the untrained mind, resurfaces. Convincing Washington that bilateral surpluses are no index of the openness of markets is as difficult as convincing a peasant that the earth is round when it appears flat to his naked eye.

Nor does Japan's multilateral surplus set it apart as wicked and bizarre. Its persistence is shorter-lived than America's own surplus in the two decades after the Second World War. Japan's surplus reflects its excess of domestic savings over investment and is generally to be applauded as a contribution to world net savings at a time of huge demand for investible funds in the developing and the former socialist countries. In the immediate short run, Japan can certainly contribute to its own recovery and indirectly help the United States by undertaking the significant fiscal stimulus that Hosokawa had worked to get. But all macroeconomists agree that the spillover or "locomotive" effect of Japanese stimulus on U.S. prosperity will be small, making even this obsession of the Clinton administration seem strange. In short, nothing here requires that the United States think that Japan is "off the curve" in responsible macroeconomic management: its mis-

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takes are no more gargantuan than those of the United States, for example, during the decade of fiscal irresponsibility from which it has just emerged.

COOPERATION, NOT CONFRONTATION

The cancer at the core of the U.S. policy then is the view that the United States needs a differential treatment of Japan and a special framework agreement. The justifications for that premise, never strong, are particularly implausible today. They must finally be abandoned.

There is nothing extraordinary even about the specific trade disputes with Japan. Similar complaints can be made with regard to other nations. The accounts of the delays experienced by Motorola in getting its cellular phone system adopted in the Tokyo-Nagoya corridor (one of two in Japan), for example, must be set against the facts that Motorola was not allowed to set up its own system at all in France and Germany and had to adapt to a different system there, and that entry into the U.S. market itself has been impeded by antidumping harassment. Such examples can be readily multiplied.

The time has come to admit that Japan must be allowed to trade by rules rather than quantities, and that the rules must include the adjudication of disputes by impartial procedures available to both parties. The notion that U.S.-Japan trade issues are so special that they must be dealt with bilaterally in a framework that permits the United States to impose one-way demands on Japan and to pronounce unilaterally its own verdicts that Japan has "failed to live up to its agreements" must finally be laid to rest.

Will the president, no stranger to principled and bold changes of course, rise to the occasion? It will not be easy: the failed trade policy toward Japan is most likely his own. After all, the North American Free Trade Agreement and the Uruguay Round were Republican initiatives; he needed one of his own. The Silicon Valley entrepreneurs were the first to swing to him during the campaign; he bought their view of Japan. He chose advisers that shared these jaundiced views. He chose a U.S. trade representative and a commerce secretary who proudly say that they disdain economic "theology" and want results; so they reflect interests, not principles, as they confront Japan.

The president may have fancied that he would have the glory of "opening Japan," as a sort of modern-day Commodore Perry. That historical parallel will not work. The tragedy is that, by persisting in the current policy, he may put two great nations on a course that may repeat history in less agreeable ways.

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America's Arms-Trade Monopoly

Lagging Sales Will Starve Lesser Suppliers

Ethan B. Kapstein

For the first time in modern history, one country is on the verge of monopolizing the international arms trade. Rising costs and declining defense budgets are putting pressure on the world's inefficient defense producers, and most of them are collapsing under the strain. Soon the worldwide armaments industry will be nearly unrecognizable. By the early 21st century, the United States will be the sole producer of the world's most advanced conventional weaponry, as other countries discover—like the Soviets did—that the costs associated with financing new defense programs are too heavy to manage.

If exploited properly, this monopoly will benefit not only the United States but international security as well. The past proves that countries that rely on American arms are less likely to start wars with their neighbors. Ironically, a U.S. monopoly would also be good for the world economy. With inefficient defense firms put out of their costly misery, governments will be able to put scarce resources to more productive pursuits.

Accordingly, the United States should welcome the coming era. Owing to the benefits that will flow from its monopoly position, the United States need not encourage multilateral efforts to create a cartel of arms suppliers or encourage other great powers to remain in the weapons game. Indeed, past U.S. policies that transferred advanced weapon technology to allies should be stopped, and the United States henceforth should export only finished weapons.

But monopoly power has dangers as well. Monopolists who use their power coercively drive consumers to seek alternatives and, in the case of military technology, this will likely mean a scramble by many countries to develop weapons of mass destruction. Further, monopolists tend to grow lazy and invest little in innovation, leaving themselves vulnerable to new technologies that erode their positions. In sum, America's arms trade monopoly gives it tremendous opportunities to shape the international economic and security environments, but

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prudence will dictate restraint in the exercise of that power.

WATCHING THE DEFENSE BUDGETS

In order to understand the inexorable forces that are working on the world's defense industries, one must first examine their economic environment. The most important number for any firm is the defense budget of the nation in which it is based, since in most cases the government remains the single largest buyer of domestically produced weaponry. Throughout the Western alliance, defense budgets have been falling for several years, and the downward plunge will continue for several more. In the United States, defense spending fell by 13 percent between 1986 and 1991, and the projected defense budget in 1997 will be almost 40 percent smaller in real terms than it was in 1985. Similar if smaller cuts are underway in Britain and Germany. Among the Western allies, only France and Japan have been trying to maintain the size of their defense budgets in real terms.

Even after these cuts, the U.S. defense market will continue to be much bigger than the markets of all its allies combined. In fact, it would probably be bigger even if one were to include the markets of China and Russia. At present, the combined expenditures of all NATO allies are only one-half those of the United States; roughly the same ratio exists for procurement budgets.[1]

During the Cold War, the only other country that financed a defense budget equivalent to America's was the Soviet Union, which spent far more as a percentage of its gross national product. While reliable statistics on current Russian expenditures are hard to come by, every observer agrees that defense spending has fallen through the floor. It is now a small fraction of the American defense effort.

By some accounts, the Chinese are now increasing their investments in defense industries. The Chinese defense budget is perhaps ten percent of America's, but given its rapid economic growth Beijing could prove to be a long-term challenger in the arms market. At the same time, the Chinese leadership has apparently been seized by the Russian lesson that excessive defense spending does not provide increased security, only economic ruin. As a result, China may seek to purchase its security on the cheap by building weapons of mass destruction. A similar strategy might appeal to regional powers, but they face more daunting obstacles: a lack of cash, insufficient technological capacity and greater disincentives for contravening U.S. nonproliferation policies.

While budgets are falling in most countries, the costs associated with producing advanced weapon systems are rising; even the industrious Japanese have yet to produce high-tech weaponry cheaply. The aerospace industry provides a telling example of stubbornly rising costs. In 1970, U.S. firms shipped 3,500 military aircraft with a value of $4 billion to foreign and domestic customers. In 1975 the

[1] For a fuller explanation of these economic issues, see my chapter in the forthcoming book edited by Andrew Pierre, *Cascade of Arms: Conventional Arms Proliferation in the 1990s*, Washington: The Brookings Institution for the World Peace Foundation.

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industry shipped 1,700 units with a value of $4 billion. In 1980 1,000 military aircraft were shipped at a value of $6 billion. In 1985 the number dropped to 919, but the value had trebled to $18 billion.

A similar story can be told for the European defense industry. Take the European Fighter Aircraft, a project by a consortium including Britain, Germany and Spain to produce of a multi-role jet for the next century. Only five years ago, the Europeans believed that the plane's development would cost them about $5 billion; today cost estimates are running as high as $47 billion, leading to ruptures between consortium members. The Germans pulled out of the EFA project in 1992, only to be coaxed back by assurances that the fighter would return to the drawing board, with a less expensive model produced in its place. (It should be noted that, when fielded ten years from now, the EFA will still be inferior to present-day American products, and it will not even possess stealth technology).

The EFA project also reveals the problems that countries face when they engage in international arms collaboration. Squabbling over designs, costs and control over production renders most of these programs a disaster. Collaboration may be nice in theory, but it is devilish in practice.

Modern weapons are expensive because of large up-front costs in research and development that can only be recouped through fairly long production runs; as production runs shorten, unit costs must increase. In 1990, for example, the United States government devoted almost $40 billion to defense-related research, development, training and evaluation. In addition, the large defense contractors made significant investments of their own.

The worldwide decline in both domestic defense spending and the length of production runs could presumably be offset by increased arms exports. But here too the picture has been relatively bleak. World arms exports peaked in 1984 at $64 billion. By 1989 they had fallen to $45 billion, and U.S. government analysts expect the market to stabilize at $40 billion per year or less for the remainder of the decade.[2]

In the past, this market was dominated by the Soviet Union and the United States, with European, Soviet-bloc and some Third World producers all obtaining relatively small shares. Today the market is America's to lose. Once the United States becomes the virtual monopoly supplier of advanced conventional weapons, the small sales that will remain available to other countries will hardly be sufficient to maintain increasingly costly domestic arms industries.

THE COMING AMERICAN MONOPOLY

It is an odd twist of fate that the greatest arms sale show on earth coincided with the end of the Cold War. During the six-week blitzkrieg of Iraq, the United States demonstrated the awesome capacity of its ships, missiles, planes and tanks. Every night on CNN viewers could peer

[2] *World Military Expenditures and Arms Transfers: 1990*, U.S. Arms Control and Disarmament Agency, Washington: Government Printing Office, 1991, p. 89; author interviews with U.S. officials, September 1992 and October 1993.

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through the electronic sights of an F-15 fighter or follow the deadly path of a Tomahawk missile. Since the war, sales of American military equipment have boomed, helped by some high-pressure lobbying from Washington.

The major marketplace for weapons since 1989 has been the Middle East. Seven of the top weapons buyers in the world are in that region, including the single largest buyer, Saudi Arabia. America is becoming the supplier of choice. In 1989 the United States supplied only $1.5 billion of arms to the Middle East, out of total deliveries to the region of $12.1 billion. The largest supplier was the Soviet Union ($3.1 billion), followed by the United Kingdom ($2.1 billion) and France ($1.7 billion).

By 1992, the regional picture had changed dramatically. Leaving aside Israel, total agreements to buy new arms in 1992 were about $7 billion, of which some $3 billion were ordered from the U.S. arms industry. In short, the United States had signed contracts to supply the region with nearly half its new weapons.

In East Asia, the other region where arms sales are booming, the United States has long been dominant. It is virtually the sole supplier of advanced weaponry to Japan and has a substantial share of the marketplace in South Korea and Taiwan. During fiscal year 1992, U.S. arms companies signed agreements worth $4.2 billion, again making it by far the region's single largest supplier. While Japan may have the technological capacity to make a bid for more of this market, such a move would increase regional tensions and strain its special relationship with the United States. Moreover, if counterbalancing China's military threat becomes more critical, Japan is likely to turn to development of nuclear weapons.

THE ECONOMICS OF ARMS

The trend toward American dominance of the arms trade should not be surprising. From a purely economic perspective, the United States obviously has an advantage in weapons production. It has a large domestic market for armaments, and its defense-related research, development and manufacturing cannot be matched.

Perhaps more questionable is the assertion that America's relative position in the weapons market is increasing. But the United States is standing on the verge of a revolution in military technology, as demonstrated by the Persian Gulf War. Its integration of new naval, ground and aerial systems places it years ahead of any would-be competitors. This revolution is the product of America's superior levels of investment in military research and development.

The pure economics of weapons production is only expressing itself now that the Cold War is over. Previously, inefficient industries were kept alive around the world for allegedly strategic reasons, although most of the time that was just a euphemism for protectionism. In Western Europe, the Third World and elsewhere, political forces stood in the way of economic forces for reasons of state. Those days are over, and with them the rationale for domestic production of weaponry, because U.S. allies lack the cash and technology to produce new weapons platforms. Nor can they look to the United States for help in that regard. Washington's rationale for

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engaging in international arms collaboration has disappeared.

One could argue that the numbers noted above do not indicate the presence of a monopoly or anything like it. After all, in neither region is the United States the sole supplier of arms, and one would expect buyers to seek some diversification among their suppliers. During the summer of 1992, for example, the government of Taiwan decided to purchase advanced jet fighters from both the United States and France.

But what counts over the long term is the ability to determine market outcomes. Economists and antitrust authorities generally believe that monopolies exists whenever a single firm controls more than one-third of a market. When firms obtain this market share, they are usually able to shape the market to their liking.

America is now in such a position. The threat of its entry into any arms market changes the nature of the game. If the United States were determined to enter a given marketplace it could do so by underpricing the competition or by offering better technology. Its ability to change the terms of competition—to tilt the playing field in its favor—gives the United States something close to monopoly power. The U.S. position in this regard will only strengthen over time.

The first problem of any country that is considering which weapons to buy is assessing the capabilities of its most likely opponents. If an opponent has American weaponry, which is increasingly the case, it would do well to have American weapons as well, a point driven home by the Persian Gulf War. Would a country really want to rely on French or Russian or Chinese systems when its adversary had purchased American arms?

In the past, countries were often constrained in their weapons purchases by Cold War commitments. Thus, many countries would buy from Russia or Europe because they could not acquire American arms. That is no longer the case, giving the United States a wider range of customers. In sum, the econom-

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ics and politics of the arms trade point to an era of American dominance, and there is good reason to regard such a prospect favorably.

A FORCE FOR PEACE

If exercised with appropriate caution, the American arms trade monopoly will be good for the United States, international security and the world economy. Every company in the world would love to monopolize its marketplace; a monopoly position translates into leverage, power and control. For countries in which dominating arms companies are based, the dependence of arms buyers can be exploited to advance political and economic interests. For the United States, it will ensure that only friends and allies obtain advanced conventional weaponry and that adversaries will be denied arms of equal quality. The number and variety of buyers will enable American defense firms to maintain production runs during periods when procurement budgets are falling. Moreover, it will provide the possibility of exercising leverage in other issue areas through diplomatic linkage.

More problematic is the issue of whether the American monopoly is good for international security. Since monopoly power is considered by economists to be bad for consumer interests, students of international relations might deem it bad for the state system. Balances are better, one might argue, since they place a check on the behavior of any single state. But there is strong evidence that countries relying on American weaponry have not started wars with their neighbors.[3] Contrast that record with the one compiled by countries that have purchased their weapons from Russia, Western Europe or Third World suppliers. To cite the most egregious example, Iraq, which attacked Iran in 1980 before turning on Kuwait a decade later, had purchased its weapons primarily from Russia and France.

Why American arms should be used primarily for defensive purposes is an interesting question. The most likely reason is that countries reliant on the United States fear being cut off and forced to look elsewhere if they misbehave. These incentives will become all the more powerful as America exercises monopoly power.

As countries give up their inefficient armaments industries, they will free resources for more productive purposes. Today many countries engage in the development and production of defense hardware in which they have no comparative advantage. The result is a deadweight loss for the national economies in question and world trade.

The case of the Brazilian defense industry is telling. During the 1970s and early 1980s, Brazil tried to build a world-class armaments industry, and soon it was selling hardware to Iraq, Libya and other aggressor nations. As it tried to build more sophisticated weaponry, however, the financial burdens associated with

[3] Some readers will argue that the Israeli preemptive strike of 1967 on Egypt and the invasion of Lebanon in 1982 are exceptions to this rule. Most scholars, however, consider the former action to have been purely defensive, while the latter was aimed not at a state, but at a terrorist organization that had constantly launched attacks on Israeli civilians.

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research and development became excessive. Further, buyers of big-ticket weapons usually obtain help with financing from the seller, and Brazil—cut off by its debt crisis from access to hard currency—was unable to offer its customers attractive financial deals. Today the industry lies in bankruptcy, and Brazilian companies are still owed money by many erstwhile clients. Even worse, Brazilians poured money down this defense rat hole at a time of growing economic crisis, widespread poverty and crime.

HUSBANDING POWER

There are lessons to be learned from the Brazilian example, not just by other Third World nations but by industrial nations as well. Inefficient industries are kept alive at the expense of more potentially dynamic activities. Even when protected under the guise of national security, they are often maintained due to special interest pleading. The United States should not encourage the maintenance of such industries.

Ironically, the United States has done more than its share in the past to prop up these arms producers, especially in the NATO countries. U.S. technology sharing agreements and arms collaboration programs have helped develop industries in countries that long ago should have given up defense production. The General Dynamics F-16, for example, is assembled in Western Europe and Turkey, and a variant, the FSX will be built in Japan. The McDonnell-Douglas F-18 may be assembled in both Europe and Korea. Clearly, it would be cheaper and more efficient for these weapons to be produced in the United States and then exported. These collaborative deals of the Cold War era no longer belong in U.S. arms trade policy.

The coming American domination of the arms trade will provide policymakers in Washington with tremendous opportunities to shape the international economic and security environment, but there are dangers as well. Monopolists always walk a tightrope between demanding too much or too little for their services. If they demand too much, alternative suppliers or resources will ultimately develop. In the case of monopoly power in the arms trade, high prices could spur a search for unconventional weapons or weapons of mass destruction. Perhaps North Korea is providing an advance warning of the world to come.

But if the United States demands too little in return for access to its weapons, it faces a tremendous moral hazard. In recent years the United States has tied arms sales to improvement of human rights, nonaggression, controls on technology transfer and other long-term goals. Some of these links will have to be maintained, but they cannot be applied so firmly that countries will be tempted to develop weapons of their own or to encourage weapons production by others.

Monopoly power, therefore, should not be confused with absolute power. It must be exploited with skill, or it will soon be lost. Washington may be tempted to use its newfound position coercively, but coercion will only undermine the political foundations of its world leadership. Thus, the era of monopoly power will also present the United States with the greatest tests of its policymaking ability.

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APEC and World Trade

A Force for Worldwide Liberalization

C. Fred Bergsten

Contrary to most expectations about regional economic organizations, the Asia-Pacific Economic Cooperation (APEC) forum is poised to become a driving force for worldwide trade liberalization. There is already strong evidence for this conclusion: the additional liberalization offers that APEC developed at its Seattle summit in November 1993 made an important contribution to the subsequent success of the Uruguay Round, as did the message to countries outside the Asia-Pacific region that APEC represented a feasible alternative to global progress if the GATT talks were to fail. This development may be the most important of several promising initiatives launched at Seattle.

As envisioned by its Eminent Persons Group (EPG), whose proposed vision for APEC was broadly endorsed at Seattle, APEC would become neither a customs union like the European Union nor a free trade area like that covered by the North American Free Trade Agreement (NAFTA). APEC would support every effort in the GATT, as it did to help achieve success in the Uruguay Round. But APEC would also try to achieve regional agreement on issues that could not yet be resolved at the global level. It would address both those that had been tried in the GATT but failed and those that had not yet found their way onto the global agenda. It would then offer to open its accords to other countries, hopefully the entire GATT membership, that were willing to accept their obligations. APEC is, in essence, considering a wholly new model of regional economic cooperation: a steady ratcheting up of trade liberalization between the regional and global levels that would confirm its dedication to "open regionalism."

The initiatives begun at Seattle, in addition to benefiting the Asia-Pacific region, could thus be the catalysts for new global trade negotiations to maintain the momentum of liberalization. This is crucial because extensive protectionist backsliding marked the lengthy hiatuses after completion of the earlier GATT

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rounds in the late 1960s and late 1970s. The recent success of the seven-year-long Uruguay Round avoided the devastation that its failure would have wreaked on world trade and the fragile world economy. But protectionist sentiments are still quite evident in many quarters and could bloom in a vacuum as they have done so often in the past.

APEC's uniqueness as a regional economic organization and its potential leverage on the direction of world trade derive from the magnitude of economic activity in the region, the economic strategies of the participating nations and the attitudes of their leaders. A close look at APEC's Seattle meetings and the strategic considerations of its member states' leaders illustrate these points.[1]

Both the Asian and North American members fear that further erosion of the global trading system could undermine their strategies of export-led growth. Both groups worry about inward-looking regionalism in Europe, and Asians worry about similar trends in the Western Hemisphere as NAFTA takes effect and considers expanding southward. Asians are concerned that American withdrawal from the region could trigger instability there, and the United States, having fought three wars in Asia in the last half century, shares the goal of avoiding new regional tensions.

Both groups thus seek to avoid any division between the two sides of the Pacific. They draw the obvious conclusion that firm institutional ties could help obviate such a risk. Hence the leaders in Seattle began the process of converting APEC from a purely consultative body into a substantive international institution.

THE SPECIFIC RESULTS

Even more noteworthy than the repeated references in the leaders' "vision statement" to their new Asia-Pacific "community" was the series of specific decisions made at Seattle. First, as noted, they agreed to an extensive package of additional trade liberalization offers to help bring the Uruguay Round to a successful completion. The success of the round promoted the cardinal APEC goal of restoring the credibility and effectiveness of the global trading system.

Second, the leaders in essence decided to hold annual summits. Indonesia, at the behest of all participants, offered to host a summit in 1994. Japan has publicly announced that it will probably hold one when it assumes the chair in 1995. This is a radical change from as recently as 1990, when some countries did not even want to hold annual ministerial meetings of APEC.

The decision to hold annual summits assures that the leaders will continue to focus on APEC and get to know each other better, that the president of the United States will travel to Asia at least once a year, that all APEC members will broaden their perspectives and that ministers and officials will be fully energized to carry out their leaders' instructions from Seattle.

[1] This model for APEC and the approaches described in succeeding paragraphs are developed in *A Vision for APEC,* Report of the Eminent Persons Group to APEC Ministers, October 1993. The report was unanimously agreed upon by the 11 members of the group, who were appointed by their governments but participating wholly in their individual capacities. The group includes businessmen, economists, former government officials and political leaders.

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Moreover, the leaders now have a major personal stake in the success of the APEC initiative. Hence they will take its evolution into account when making decisions on related matters. President Clinton, who made a considerable commitment to APEC at Seattle and views improving economic and political relations in the Asia-Pacific region as one of his major foreign policy initiatives, has considered the implications for APEC when deciding such issues as whether to maintain tariff preferences for Indonesia. The upgrading of the APEC process should help in resolving bilateral disputes in the region; conversely, the need to resolve such disputes (such as the current United States-Japan trade wrangle) more effectively adds to the case for rapid upgrading of the process.

Institutionalizing the summits should increase the momentum of community-building in the region. The Seattle sessions showed that the leaders were far more ready than their ministers, who in turn were far more ready than their senior officials, to adopt and pursue visionary goals. Heads of government can rise above the narrow and compartmentalized concerns that derail meaningful progress. Their continued engagement augurs well for the future of APEC.

Third, meetings of APEC ministers across a number of areas of responsibility began this year. The leaders directed their finance ministers to get together to discuss macroeconomic and monetary issues. Environmental ministers met in the spring. Trade ministers will convene to discuss the implications of the conclusion of the Uruguay Round and the future agenda of the new world trade organization. Industry ministers will explore the prospects for small and medium-sized businesses. The proliferation of high-level sessions will nurture the Asia-Pacific identity and a habit of cooperation.

Fourth, the ministers decided that "those recommendations [of the Eminent Persons Group] closely linked to ongoing work should be implemented promptly." One minister interpreted that directive to include proposals for mutual recognition of product standards and domestic testing and monitoring procedures, cooperation in national competition (including antidumping) policies, avoiding region-wide problems from rules of origin included in the various subregional agreements (including NAFTA), annual ministerial review of the entire "trade facilitation" program, and technical cooperation in promoting infrastructure projects such as higher education and telecommunications networks. The details are to be worked out this year.

The leaders themselves agreed to develop an APEC investment code for adoption at their 1994 meeting. The code would initially be a set of voluntary, non-binding principles designed to protect and promote private investment in the region—one of the driving forces in its economic progress to date. The recent decline in investment flows to several Asian countries, including Indonesia and Korea, have heightened interest in such initiatives, which would enhance the attractiveness of the region to private investors. Adoption of an investment code would require APEC to make another firm decision, as it did with the trade liberalization package endorsed in Seattle for the Uruguay Round, and thus continue

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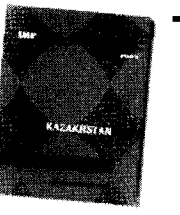

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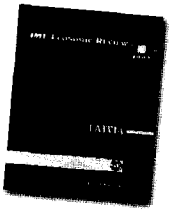

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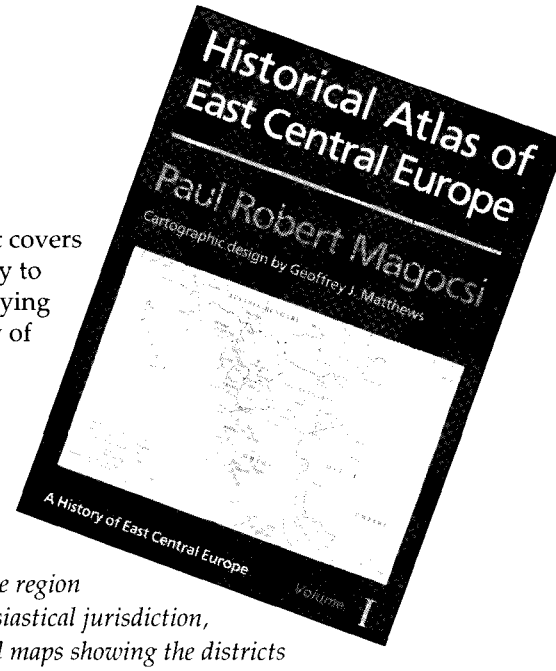
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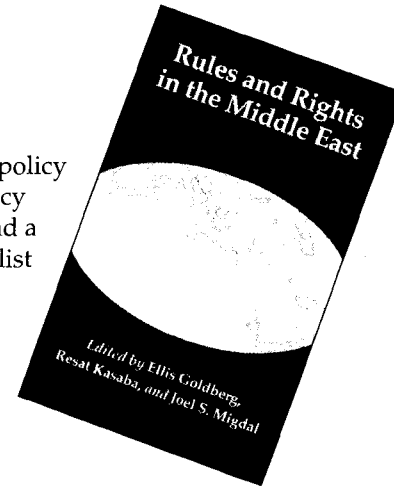

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its conversion into an operational body.

The summit under Indonesian leadership will likely place considerable emphasis on developmental issues of greatest concern to the group's less industrialized members. This is all to the good. The Eminent Persons Group recommended an extensive program of technical cooperation within APEC—what the Association of Southeast Asian Nations (ASEAN) countries call "resource pooling"—to improve the region's economic infrastructure and assure that all members benefit fully from its progress. New investment in human resources should be a major part of such an effort and was presaged in Seattle by the leaders' decision to create an APEC Education Program. The leaders also decided to create a Technology Transfer Exchange Center, to facilitate the exchange of technology and technology management skills among APEC members, and an APEC Business Volunteer Program to promote human resource development.

Fifth, the leaders clearly stated that they "welcomed the challenge . . . to achieve free trade in the Asia-Pacific" (although they did not endorse the EPG recommendation to commit themselves to decide by 1996 on a plan and timetable to do so). APEC is now wrestling with the same "broadening versus deepening" debate as the European Union and has come to the same conclusion: expanding the membership should be deferred until the organization can decide on its substantive future. To underscore that position, APEC declared a three-year moratorium on new members (after admitting Mexico and Papua New Guinea immediately and Chile in 1994).

THE FUTURE AGENDA

The Group of Seven industrialized nations are supposedly highly homogenous and have been meeting for almost 20 years. APEC includes advanced industrial countries (including the world's largest), newly industrializing economies at a middle stage of development and less developed countries. Its leaders' conference was proposed only in July and it focused on an EPG report that was formally submitted only in October. Yet the results of Seattle compare favorably with recent G-7 summits.

To achieve these results, several serious concerns had to be dispelled. Thus the presentation of the EPG report to the ministerial meeting emphasized "three noes." The EPG was not proposing a community like the European Union, with extensive economic integration or even a customs union, but rather a community in the generic sense that translates into "big family" in Chinese. Nor was it proposing a discriminatory free trade area, but rather "free trade in the area" achieved to the maximum extent possible through multilateral liberalization. The EPG did not recommend precipitate action, nor indeed any substantive timetable, but only that the fundamental principles be decided within the next three years.

The current period illustrates how the proposed "ratcheting up" strategy could work. The APEC countries made a major and ultimately fruitful effort, at Seattle and subsequently at Geneva, to promote a successful Uruguay Round. But a number of key issues, such as new rules for investment and liberalization of specific services sectors, largely fell out of the final GATT package. APEC could now

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address these topics and, if it could reach agreement on them, bring its pacts back to Geneva for broader adherence. Likewise, APEC could anticipate issues that will need to be addressed in GATT in the future, such as trade-environment linkages and competition policies. It could seek to develop regional agreements that would become precedents for dealing with the issues at the global level.

Rather than a stumbling block, APEC could thus be a building block—perhaps the leader—in worldwide trade liberalization. Such collective leadership is needed in the post-Cold War period with the United States no longer willing or able to provide it alone. Both the North American and Australia-New Zealand free trade areas have already provided several useful precedents for global negotiations, and APEC could do so systematically. The successful conclusion of the Uruguay Round, by reestablishing the credibility of the GATT in regulating relations between regional arrangements, makes the world much safer for regionalism and hence for the proposed approach.

The strategy would embody the APEC mantra of "open regionalism." It could avoid preferential treatment altogether on some issues, perhaps including competition policy and new industrial standards. It could do so when liberalizing in sectors where the APEC countries dominate world trade, such as computers. Individual APEC members could be permitted to extend their concessions to nonmembers, as Mexico has done with some of its investment obligations under NAFTA.

In general, however, the strategy would open APEC arrangements only to nonmember countries that undertake corresponding obligations. This procedure is increasingly employed in the GATT through codes agreed to during the Tokyo Round in the late 1970s and during the Uruguay Round. It avoids "free riding" by outsiders, including large trading entities such as the European Union, which would run afoul of domestic political realities in the United States and most other APEC members. Every subregional trade arrangement within the Asia-Pacific area—including the ASEAN Free Trade Area (AFTA), which like NAFTA came into effect on January 1 of this year, as well as the Australia-New Zealand and North American entities—has limited all benefits to member countries and has not offered to extend them to outsiders.

Nonmembers would have no incentive to negotiate multilaterally if they could simply sit back and receive the benefits of APEC liberalization without making concessions of their own. The use of "temporarily conditional MFN" uses the negotiating leverage available to APEC because of its large economic weight to obtain maximum liberalization around the world.

A key question is whether APEC should pursue this strategy only if all its members can agree to do so together, or whether individual countries should proceed when they are ready. One way to implement the latter approach would be to extend NAFTA to individual Asian countries or groups of countries, such as ASEAN. The EPG concluded that such a course would be inferior to progress encompassing all of APEC because it would generate new discrimination within the region during a possibly long transition period. In addi-

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tion, some view it as "imposing a North American model on Asia."

Nonetheless, Singapore Prime Minister Goh Chok Tong announced in Seattle that his country would like to join NAFTA. Thailand has indicated its interest in studying an AFTA-NAFTA link. Korea has also sought association with NAFTA.

NAFTA is likely to open its doors to Chile and perhaps other countries in Latin America over the next few years. The upcoming western hemisphere summit could add impetus to this prospect. It will be essential to progress at least as rapidly toward Asia-Pacific liberalization to allay concerns that the United States is giving priority to the western hemisphere. Any such perception could intensify pressures for East Asia to respond with arrangements excluding North America, thereby dividing rather than uniting the Asia-Pacific region. The United States must indicate its intentions in this regard when informing Congress, by July 1 under current legislative requirements, of its plans for future trade negotiations. All NAFTA and APEC members will have to address these issues in the near future.

APEC's development will be an intellectually fascinating and pragmatically critical test of whether economic interdependence can override seemingly major national differences. For example, APEC members cover virtually the entire spectrum of economic development. Japan has a per capita income of almost $30,000 (at current market exchange rates), the United States is at about $20,000. The newly industrializing countries of East Asia cluster at $5,000-10,000. Some of the developing nations of Southeast Asia (including, at market exchange rates, China and Indonesia) fall below $1,000 per capita. Thus a successful APEC would end the "North-South conflict," as NAFTA has begun to do and which its further extension into South America would continue.

A successful APEC would also destroy the notion that different civilizations are more likely to confront each other than to cooperate, for APEC includes at least five of Samuel Huntington's distinct groups. China and others form the core of his Confucian civilization. Indonesia, with the world's fourth-largest population, and Malaysia are Islamic. Japan is, according to Huntington, an entirely separate culture. The United States, Australia, New Zealand and Canada are Western. Mexico and Chile are Latin American. One might add that part of Canada, including its current prime minister, possesses a distinct French culture.

AT THE CENTER OF A NEW ERA

The historically unique current period, at the end of the Cold War and with new power configurations emerging in both the security and economic spheres,[2] offers enormous opportunities for both the United States and the Asian countries. The Asians could sharply reduce the risk of an American withdrawal which would jeopardize both their chief export market and their national security. President Clinton, by convening the summit at

[2] C. Fred Bergsten, "The World Economy After the Cold War," *Foreign Affairs*, Summer 1990.

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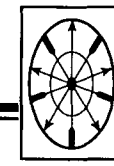
Seattle and placing Asia at the center of his foreign policy, has opened the door to creating institutional ties that would link countries across the Pacific as the postwar institutional network linked countries across the Atlantic. Such ties would provide America with access to the world's most dynamic economies and reduce the risk of future instability requiring American intervention.

At the end of the second global conflict of the twentieth century, World War II, Europe and the Atlantic were the focus of world events. The Atlantic nations created a series of institutional arrangements—including NATO, the Organization for European Economic Cooperation, the Marshall Plan and the European Economic Community—in an effort to preserve the newly won global peace and prosperity. Half a century later, it is clear that those arrangements were a stunning success.

We are now at the end of the third global conflict of the century, the Cold War. Asia and the Pacific are now at the center of world affairs. Thus the time may have come to create an institutional network to link the nations on the two sides of that ocean in an effort to sustain global peace and prosperity for the decades ahead. APEC can play a major role in that process.



FROM DOMINOES TO DYNAMOS

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JOHN BRESNAN

The demise of America's Cold War–era foreign policy has transformed Southeast Asia's relationship with the United States. No longer seen in the political context of an anticommunist agenda, the countries of Southeast Asia—Thailand, Indonesia, Malaysia, Singapore, the Philippines, and Vietnam—are becoming increasingly powerful players in the world economy. In From Dominoes to Dynamos, *John Bresnan outlines a new U.S. role in the area, including a detailed analysis of current economic trends, as well as recommendations for coping with Japan's growing influence in the Southeast Asian economy.*

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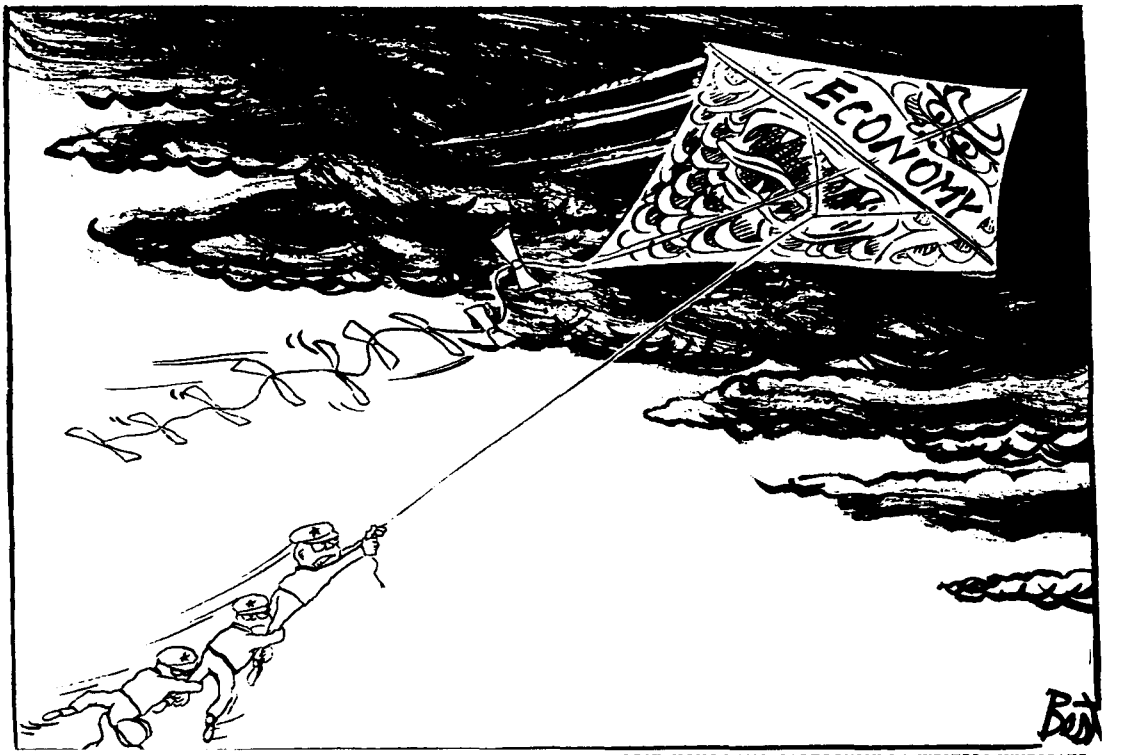

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The Muddle Kingdom?

Bursting China's Bubble

Richard Hornik

BEIJING HAS FLUNKED THE FUNDAMENTALS

PART OF THE PROBLEM of analyzing China has long been that any critical view is seen as anti-Chinese. Simply to question the accomplishments of a 4,000-year-old civilization is taken as evidence of bias and, generally speaking, broad-gauge attacks on China's ancient political culture, particularly by foreigners, are dismissed out of hand. That said, even those most optimistic about the Chinese economic "miracle" should take a careful look at the present regime's track record before making sweeping predictions about China's future economic growth.

In the long debate over the best political and economic path to modernization, an East Asian "model" has seemingly emerged overnight. In the eyes of many, East Asia's success has proven that democracy, even pluralism, is a luxury to be indulged only after substantial economic progress has been made. Not only that, but economic progress itself is best guaranteed by a "soft" authoritarian regime. Only such a system, it is argued, can enforce the fiscal and monetary discipline that so often eludes democracies, which are forced to pander to public opinion or selfish interest groups. The

RICHARD HORNIK, on leave from his post as Senior Correspondent for *Time* magazine, is currently Journalist-in-Residence at the East-West Center in Honolulu. He was formerly *Time*'s Bureau Chief in Beijing (1985-87) and Hong Kong (1991-93).

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benign intervention of wizened authoritarians can drive and direct economic growth, more easily allocate resources, push through austerity reforms that are beneficial in the long term but unpopular in the short, and all the while create an environment conducive to the growth of private enterprise.

The success of China's neighbors has provided the rationale behind grandiose projections about the Chinese economy becoming the world's largest in the year 2000, 2010, 2020—take your pick. This model is widely considered to provide grounds for the political legitimacy that Beijing will need if a new social contract is to be written with the Chinese people. East Asia's success is also the primary argument against efforts to force China to liberalize its political system. Lee Kuan Yew, Singapore's senior minister, early last year warned the Clinton administration against meddling in China's domestic affairs, saying, "I would put that as the greatest error that could be made."

But much is overlooked in this analysis, about East Asia generally and China specifically. In its exhaustive study, *The East Asian Economic Miracle*, the World Bank recently concluded that while the benefits of specific policy interventions could be debated, "getting the fundamentals right was essential." In other words, key to the success of the East Asian economies are stable macroeconomic policies that emphasize fiscal and monetary stability. Yet, though it possesses a far harsher form of authoritarian rule than any of its successful neighbors, China's fiscal and monetary policies remain a shambles. Beijing, in other words, has the fundamentals wrong.

China's government appears no more capable of imposing fiscal and monetary discipline—the supposed advantage of authoritarianism—than a corrupt democracy. The present regime is more akin to the hyperinflationary Peronistas in Argentina than to the fiscally ascetic militarists who wrought South Korea's rise. Efforts to impose a modicum of financial discipline last summer resulted in but a brief pause before the credit taps once again gushed forth. Fearing a backlash from its urban proletariat and anxious to continue lining the pockets of friends and relatives, China's rulers will keep rolling the presses, printing an increasingly worthless currency to fuel a dangerously inflated bubble economy.

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Bad macroeconomics is not the only reason that China's boom may be short-lived. Possessed of an admittedly rational fear that it is losing control over society, and convinced that entrepreneurs are politically subversive, the old guard in Beijing has proven incapable of permitting individual enterprise to flourish. Private businesses are kept on the margins of the economy and the law, subject to arbitrary enforcement of regulations, many of which are unpublished. China's periodic anticorruption campaigns, for example, invariably target even legitimate private entrepreneurs. At the same time, the central government's control over the provinces dwindles daily. Beijing is helpless to prevent interprovincial trade wars complete with tariffs and roadblocks. In the end, the limitations of Chinese political culture itself provoke the most profound skepticism about Beijing's ability to nurture sustained economic growth.

TOO HOT NOT TO COOL DOWN

MUCH OF CHINA'S economic progress, so visible in its major cities, is ephemeral and based on hot money. Loose fiscal policies have spawned easy growth and fast profits, and a skeletal legal structure has allowed this money to accelerate through the economy as investors take advantage of rampant, unregulated and often illicit speculation. Profits are illegally siphoned off from quick-fix ventures, then injected into new speculative schemes or sent abroad, but always with the primary goal of hiding revenues from Beijing. This get-rich-quick risk-taking eschews the kinds of long-term projects that might nurture sustainable growth—precisely because few Chinese investors believe that the current boom can last.

Despite the risks, Chinese and foreign investors have fallen over themselves to make a quick killing in what many outside "experts" have proclaimed will soon be the biggest economy in Asia, if not the world. But far too often, there is less than meets the eye. Said a European diplomat who has witnessed the remarkable changes of the last few years: "The overall view of China seems so positive and yet every time you look closely at something it is a mess. There must be some missing link." A Western China watcher in Hong Kong, who lived

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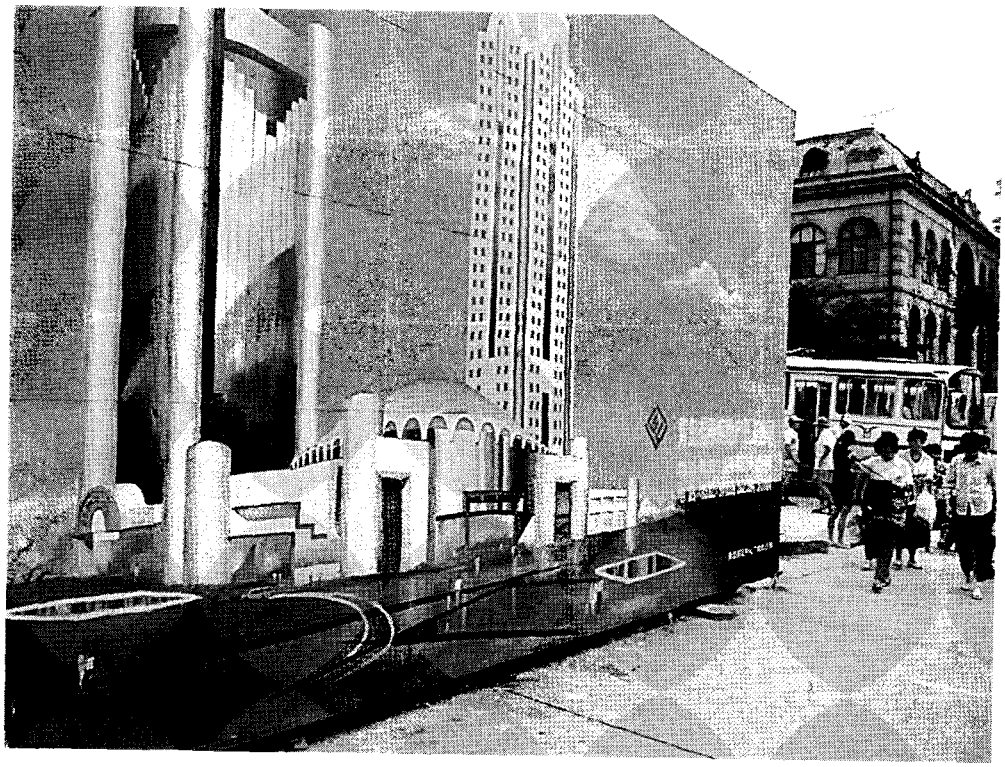

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A Chinese Potemkin village?

in Beijing in the mid-1980s, said the problem is that the Chinese are good at creating a false impression: "It's like Hollywood. The buildings are very impressive from the front, but then you peek behind the facade and find there is nothing there."

By far the most worrisome element in the Chinese macroeconomy is the lack of fiscal and monetary discipline. Despite six years of efforts, macroeconomic levers to regulate rather than control the economy have yet to be put in place. Wu Xiaoling, deputy director of the Banking Reform Department of the People's Bank of China, admitted, "As far as the financial sector goes, the main instrument of control is still administrative." The root cause of the problem is a budget deficit that is spinning out of control. China's Finance Ministry expects the 1994 budget deficit to triple to $7.7 billion. The true deficit, however, will be $14.8 billion—over a fourth of government revenues—if one uses internationally accepted accounting rules and includes debt service payments and excludes "revenues" from bond sales to foreigners.

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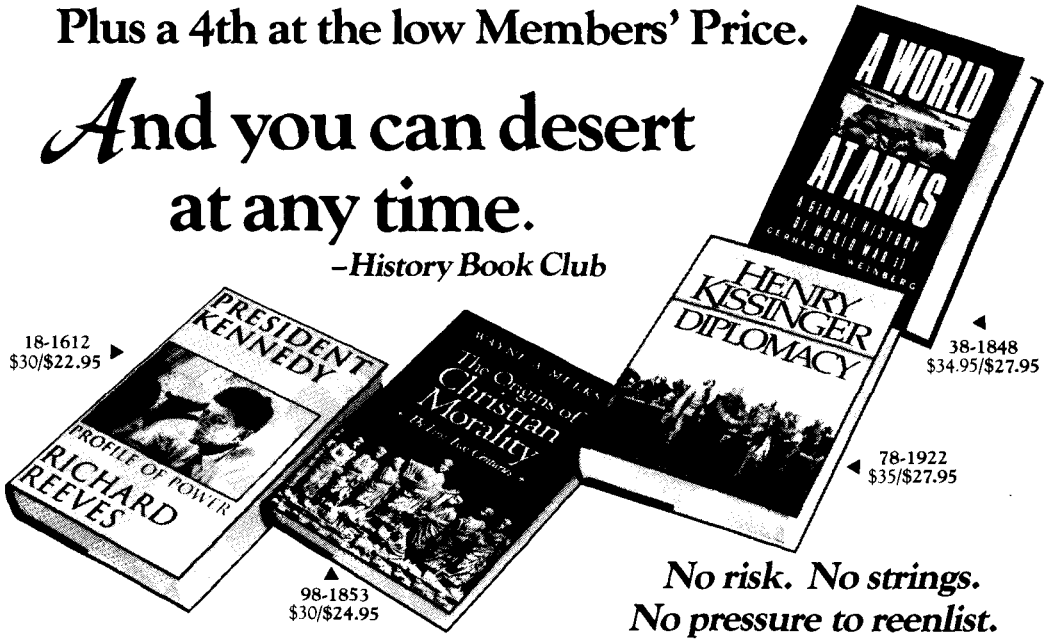

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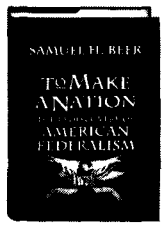

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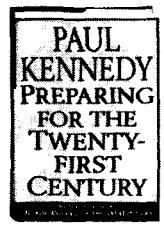

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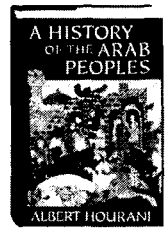

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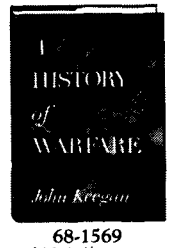

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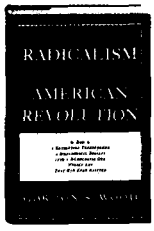

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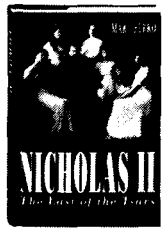

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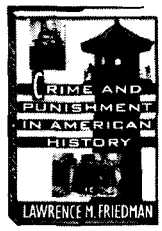

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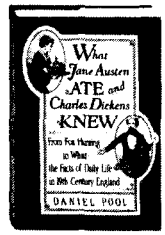

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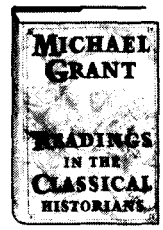

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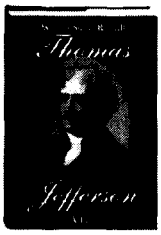

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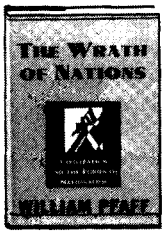

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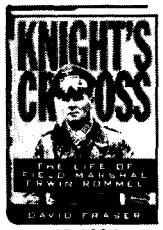

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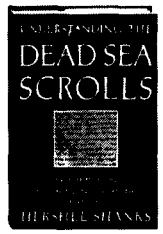

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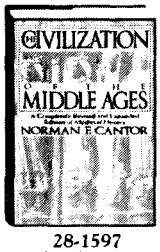

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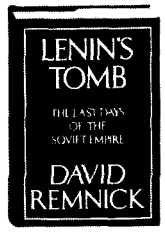

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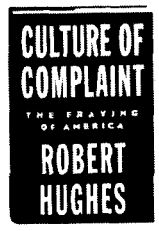

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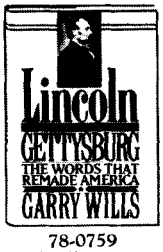

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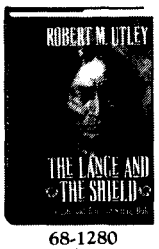

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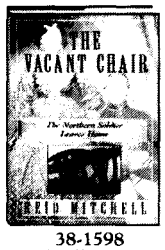

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Last summer, with the renminbi having lost half its value in just months and the money supply up over 50 percent, China's newly minted economic czar, Vice Premier Zhu Rongji, launched an aggressive campaign to rein in the runaway growth of both the money and credit supplies. Zhu's policies met with heated resistance from enterprises starved for funds and from investors who saw the price of real estate and stocks begin to fall. The squeeze particularly hurt the already shaky and overmanned state sector, threatening to put thousands if not millions of urban proletarians on the street. Provincial leaders with direct access to capital simply refused to cooperate with the austerity program.

The most worrisome element in the Chinese economy is the lack of fiscal and monetary discipline.

Zhu did manage to stabilize the currency and reduce inflation, although urban inflation in October remained above 20 percent. But under extreme pressure from special interests—provincial and local leaders, state enterprise managers, and friends and relatives with a vested interest in loose money—China's ruling gerontocrats blinked. At the Third Plenum of the 14th Party Central Committee in November, Zhu's superiors declared victory over inflation and reopened the credit taps, which had already begun to flow in October when banks and other financial institutions extended $12 billion in new commercial credits. It is only a matter of time before credit and currency expansion spark inflation again.

The populace is sophisticated enough to realize that the value of its estimated $115 billion in individual savings accounts is being whittled away. The government's offer in early 1993 of three-year treasury notes at 11 percent interest had few voluntary takers—not surprising given the 20 percent urban inflation rate. Despite those difficulties, the Finance Ministry said in March that in 1994 it would sell bonds worth $11.5 billion, three times the amount issued last year.

Government economists argue that there is no danger of runaway inflation. Unlike in 1988 when, according to the *People's Daily*, 34.9 percent of urban households suffered a decline in real income, this time there are plenty of consumer goods around and thus less chance

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of the kind of panic buying that drives up prices. Nonetheless, the low yields offered by government bond sales reveal a dearth of inflation-proof investment vehicles. The result is the sort of asset inflation indicative of a bubble economy.

THE FLYING YUAN

DRIVE ALONG the new four-lane highway from the airport into downtown Chengdu, capital of Sichuan, and practically every spare bit of land is fenced off behind a big sign proclaiming a new real estate development. But behind the fences very few have broken ground. That has not, however, stopped those companies from issuing shares. And the fact that the central authorities in Beijing refused to sanction a stock market in Chengdu did not prevent up to 30,000 people a day, seven days a week, from trading the shares of 50 companies, more than on either the Shenzhen or Shanghai exchanges. Nor did it prevent the city of Chengdu from providing an auditorium and collecting a three-yuan entrance fee from all-too-willing punters.

Such trading is haphazard, capitalism in its rawest form. But it is also quite dangerous. There is no auditing of the accounts of these companies. Often investors hardly know what they are buying, other than a piece of paper whose value is supposed to rise. Said a 34-year-old employee of a state industrial enterprise, "I bought a thousand shares at 5.50 yuan per share. When the price goes up in a few weeks I will sell them." But his shares could just as easily prove to be worthless, especially if the market bubble bursts, as has happened repeatedly in hot equity markets in Taiwan and Korea.

While some officials believe that this chaos is part of the maturation process, the mainland's more sophisticated investors are wary of the downside and prefer to invest their capital abroad. The biggest real estate deals in Hong Kong for the past two years have involved mainland investors. While actual foreign direct investment in China topped $15 billion in 1993, mainlanders were spending well over $1 billion on Hong Kong real estate alone. State-owned enterprises like China International Trust and Investment Corp., and China National Technical Import and Export Corp., are casting their nets farther

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afield with investments in North America and Southeast Asia. Says a Western economist in Beijing, "One wonders why foreigners are so desperate to invest here when the Chinese seem to be so desperate to invest overseas."

One obvious answer is that some of the money is hot. It is almost impossible to discover who the true investors are in many of these real estate deals. Several reportedly involve local and provincial government leaders trying to keep their hard currency earnings out of Beijing's hands or putting aside something for a rainy day. The easiest way to get one's money out is by double invoicing. A local authority or firm will buy a foreign piece of equipment for $1 million but receive an invoice for $1.2 million. The foreign firm then puts the difference in the Chinese partner's bank account. "This happens all the time," said one European businessman, "but now the Chinese have their own middlemen in Hong Kong to handle the double invoicing."

There are official ways of getting money out of the country as well, if one knows the right officials and has the right connections. According to official Chinese statistics, China's total capital outflow in 1992 ballooned to $30.5 billion, an $18.2 billion increase over 1991. Thanks to foreign investment, commercial bank loans and a foreign trade surplus, the country still ran a current account surplus of $6.4 billion. But that surplus was $6.9 billion less than in 1991. In 1993 China's trade deficit ballooned to more than $12 billion at the same time that Chinese investment overseas began to accelerate. As a result, the country's foreign exchange reserves are declining rapidly.

By far the most interesting official number in China's 1992 capital accounts was in the "errors and omissions" category, normally a catchall for odds and ends that don't fit elsewhere. International Monetary Fund experts were reportedly appalled when the Chinese claimed an unexplained outflow of over $6 billion for 1991. Eventually the IMF was satisfied that most of the money was legitimate foreign investment, which China's statisticians did not know how to account for. But in 1992, by which time the Chinese officials knew how to account for legal capital outflows, the total was over $8 billion. Taken together China's 1992 statistics raise serious questions about the health of its financial system and the economic sense of lending

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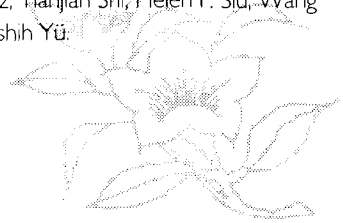

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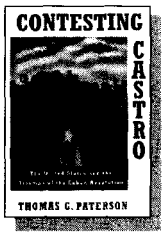

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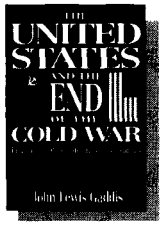

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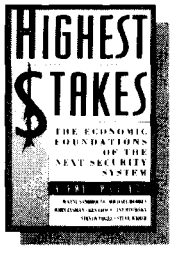

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money to a country whose citizens seem to be aggressively moving capital abroad. Said Diane Yowell, director of Hongkong Bank China Services Ltd., "You could say that these numbers simply reflect the fact that China is becoming more of an open economy, but they also represent all of the elements of a capital flight scenario."

A DANGEROUS BOTTLENECK

CHINA HAS GOTTEN all the easy increments of economic growth that come from leaving individuals alone to make money. Now it must find ways to provide capital at all levels of the economy, particularly in the countryside. China's massive capital outflows could not come at a worse time. A capital shortage is already proving to be a potentially dangerous bottleneck to growth, stunting the creation of new jobs and casting vast migrant populations across the country in search of work. It has skewed economic growth by region and slowed the government's sale of unproductive enterprises. The tragedy is that there is plenty of capital in the country, but China's decrepit financial system—coupled with a sense of impending hyperinflation—prevents it from getting to productive enterprises.

The shortage of capital in the countryside has been most obvious in the past two years, as the government has been forced to pay some farmers with IOUs that they have not been able to redeem. A report last year by the official Xinhua news agency said the problem was shaking "the very foundation of agriculture." A veteran China-watching Western diplomat in Hong Kong put it this way: "It was clear that the one thing everyone agreed on [at the spring 1993 session of the National People's Congress] was that they are facing big problems in the countryside."

A Western economist working in Sichuan province put it more bluntly: "The agricultural economy is up against the wall. Incomes continue to rise but not real income, and the relative growth rates between agriculture and industry are diverging." Farmers' net incomes last year were about $87, compared with about $204 for urban workers. Meanwhile, although industrial output rose by 20 percent, agriculture grew by less than four percent. The only answer is more

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investment, but domestic capital is not heading for the countryside. In Fenghuang, a village 75 kilometers southwest of Chengdu, per capita incomes soared to $170 five years ago but have stagnated since. The village's hope now rests on possible Taiwanese investment in a stone-cutting enterprise.

The capital shortage is just as severe for urban enterprises. The fear of unrest has meant that efforts to trim staffs of state enterprises have foundered. In February, the New China News Agency quoted approvingly Zhou Yougui, director of the Fushun Petrochemical Factory: "We cannot lay off workers as in Western enterprises because this means putting a burden on society." Because money-losing state industries require so much money to keep them afloat, other businesses are crowded out or forced to pay exorbitant interest rates. Even the issuing of corporate bonds was suppressed because the government was unable to market its own paper. Many government officials—national, provincial and local—see foreign investment as their only salvation.

Certainly, foreign capital continues to flood into the region as investment gurus and self-described China "experts" like William Overholt of Bankers Trust continue to advise that China is a buy. But some foreign investors are beginning to have second thoughts about the Chinese gold rush. The legal system offers no protection from unscrupulous Chinese partners, and the incidence of work stoppages is increasing. In 1992, 18 strikes were reported in Guangdong province. Last March in the Zhuhai Special Economic Zone just across the border from Macao, 800 workers at a factory owned by Canon began a strike over pay and working conditions. The workers received about $69 a month, well above even the regional average. But they demanded increases of up to 50 percent plus company-supplied housing. Strikers cited the need for protection against inflation, raging at an estimated 30 percent a year in coastal regions of southern China. But privately they also mentioned that nearby state enterprises were paying higher wages. "China is definitely the place to be," says one Southeast Asian banker, "but we are not really putting our own money in there. We prefer to act as a bridge for other investors because the risks are very high."

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The net result of the capital shortage is a shortage of jobs and opportunities. Sichuan officials estimate that more than a million of their citizens have gone to coastal provinces seeking work. China's urban railroad stations are choked with blue-jacketed peasants who are careening around the country looking for jobs. By one government estimate, China's "floating" population of migrant workers is well over 50 million. Even residents of the more prosperous coastal regions want to migrate, as evidenced by the growing trade in smuggling Chinese into countries like the United States. In spite of the bright future that everyone else seems to see for China, these people are willing to indenture themselves for periods of four years or more in order to pay for passage.

Beijing has thus far followed the imperative for greater reform and increased economic freedom as a matter of simple economic and political survival. Said Richard Margolis, a former British diplomat now active in developing China's securities markets, "The leadership is driven by the simple mathematics of jobs versus job seekers." China has more than 150 million redundant rural workers and expects at least 50 million more by the end of the century. In addition, it adds 10 million new urban workers to the labor force every year. The prospect of mass unemployment and the potential for social unrest that would result has forced the old guard in Beijing to discard not only their vaguely held Marxist tenets, but also their innate fear of the chaos that can result in China whenever central controls are relaxed.

HAMMERING DOWN THE HIGHEST NAIL

WHILE MOST EXPERTS have focused on China's explosive economic growth or its potential for a political explosion, by far the biggest change is its openness—not of the regime, perhaps, but of its citizens, and not just to foreigners. The Chinese people, if they are finally to succeed in modernizing their land, must not only open themselves to the outside world but also to each other in order to take advantage of the remarkable talents suppressed for at least a millennium by a succession of authoritarian regimes.

Analyses of China's potential invariably cite its 4,000-year-old civ-

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ilization, with an aside to explain the country's lengthy stagnation and more recent crises. In fact, Mao's so-called communism was just the latest variant of an ancient social, political and economic structure that seems designed to throttle individual initiative and progress. Government is presumed to be interested only in the welfare of its people. Change is to be avoided because it might lead to chaos. And individuals must always take a back seat to the interests of the group. A fear of individualism is even ingrained in the language. The Chinese expression for "individual" has a pejorative connotation. Chinese children have drummed into them dozens of proverbs that warn of the dangers of being different—it's the long roof pole that is sawed off; it's the highest nail that gets hammered down; it's the first bird to take flight that is shot.

Economic freedom has encouraged a new openness among Chinese.

Thus despite burgeoning individual initiative, individuals themselves have few effective rights or powers. A successful commercial lawyer in Beijing says that the explosion in the registration of new companies is partly due to that very situation: "Everyone is setting up companies because as an individual you can do nothing but as a company you can do everything." But officially encouraged or not, individualism is the driving force in the country today. Explained Meng Peiyuan, a specialist in Confucianism at the Institute of Philosophy of the Chinese Academy of Social Sciences, "A market economy is a release of the energy of individuals, so any social value system today must be based on individuals."

In fact, economic freedom has encouraged a new openness among Chinese. In the old China, it was not so much the state who controlled people but rather their employer. Without a *danwei*, or work unit, you were nothing. Your *danwei* provided your housing, medical care, education for your children, your pension, your vacation spot, and most of the food you ate, for there was little to buy on the open market. If you lost your job, you were finished. Now there are many other ways to make money. Many private and collective enterprises as well as foreign ventures offer higher salaries but without providing any of the normal perks of a state enterprise. Said one Beijing resident, "It

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was always possible to quit your job if you were willing to suffer the consequences. Now people just don't care."

The new emphasis on the human spirit is not just an economic phenomenon. Part, too, is long-term fallout from the May-June 1989 uprisings, which touched practically every city in China. The violent crackdown succeeded in cauterizing public dissent, but it could not erase the general realization that millions of other Chinese felt just as strongly about the shortcomings of the regime. The openness takes different forms. Newspapers, for example, are now more likely to carry articles that present more than one opinion on an important issue—like whether or not the economy is overheating—without endorsing one side or the other. In a March 1993 session at the Chinese Academy of Social Sciences, several of the forum's half-dozen philosophy researchers took public issue with each other on the role of Confucianism in creating a modern social value system.

This sense of liberation extends to all sectors of society. Artists and writers who used to worry about official acceptance so that they could join the Fine Arts Academy or the Writers' Union now thumb their noses at the cultural troglodytes who once arbitrarily anointed society's creative talents. In the countryside, freedom is more circumscribed and tends to follow the more traditional patterns of clan-based villages operating as independent units. Still, it is a start and a considerable one, since 73 percent of the population lives in the countryside. There are over six million communities in the countryside towns and villages—all operating independently.

Haunted by the sense that they are losing social and economic control, China's gerontocrats are trying to reassert political influence. In 1992 top government and party posts were recombined just six years after a formal decision for a split. All five members of the politburo's standing committee have been given top government jobs and responsibilities. The rejoining of party and government functions has reached down to the provincial level as well. Former provincial party secretaries have been made governors. In addition, according to Father Yves Nalet, a Jesuit Sinologist who heads China News Analysis, "They are putting in ideological and security people at all levels."

But the effort is probably too late. Almost daily, people are becom-

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ing more independent. A major influence is satellite TV, particularly STAR from Hong Kong. Although technically illegal, 500,000 satellite dishes were sold in China last year. It seems that every third or fourth apartment block in Chengdu has a dish on the roof. "This place has been global-villagized in a minute," says a Western diplomat in Chengdu. Even large towns in the countryside now have satellite dishes. Moreover, in Guangdong province an estimated six million homes watch Hong Kong TV on a regular basis without benefit of satellite dishes. That is more than in Hong Kong itself. There are even some products advertised on Hong Kong TV that are sold exclusively on the mainland.

The local authorities belatedly tried to control the proliferation of satellite dishes and instituted licensing regulations in late 1992. But one only has to say that the dish is needed to watch Gansu TV, and approval is forthcoming. The central government subsequently issued its own decree outlawing satellite dishes, but it has no way to enforce the ban outside the capital. Much of the central government's authority in the past came from control over purse strings. By cutting government offices at the local level adrift it has lost its call on their loyalty.

THE REGIME CANNOT REFORM

THIS OPENING UP within China was not what Deng Xiaoping had in mind when he began his reforms more than a dozen years ago. Deng is first and foremost a social conservative. The spontaneity of the Cultural Revolution left its mark on him. The original reforms were based on the "household" responsibility system in which whole families contracted with the state to provide grain, produce or some service or handicraft. That provided a nice halfway house between the rigidity of a command economy and the chaos of a free market. To this day, Beijing insists that it is creating not a free-market economy but what is euphemistically called a socialist market economy.

In fact, Deng's limited reforms played themselves out rather quickly. By the mid-1980s the rural sector had achieved all of the gains that were to be had from simply eliminating counterproductive steps like forcing farmers to grow the wrong crops at the wrong times in the

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wrong places. It also helped to actually pay peasants to grow a crop. In addition, the urban economy had gotten nowhere because private entrepreneurs were completely hamstrung by bureaucratic restrictions and prejudices. What little progress was made came from the so-called collective or cooperative sector, many units of which were thinly disguised private enterprises. But by now, reform-induced prosperity is requisite for the legitimacy of Deng's successors, especially if they continue to interfere with individual initiative.

As long as its rulers insist on complete control, China is unlikely to replicate its neighbors' success.

The noted political scientist Lucian Pye has written, "An ethical-moral dimension of the Confucian sense of legitimacy . . . seems to make the East Asian governments feel that they not only have the right to intervene in people's lives but that they have a definite obligation to do so if it can help improve the people's condition. At one time such interventions tended to be detrimental to economic growth, but that is no longer the case now that government officials know more about how economies grow."

Except in China. Even if the present rulers are not venal, they are certainly ignorant. Some members of the so-called Third Generation of leaders like Zhu Rongji may be better versed in economic theory, but that phalanx will not take over complete control any time soon. And the eventual paramount autocrat from within that group will probably not be someone foolish enough, as Zhu apparently was, to take on entrenched interest groups in the name of macroeconomic stability. Such political bravery, rare enough in stable periods, will be even less likely in the midst of a succession struggle, which has already begun.

China's immensely talented and motivated citizens clearly have the attributes necessary for their country to exceed even the rosiest predictions put forward by true experts on China and naive investment advisers alike. But that was also true in the late nineteenth and early twentieth centuries. The evidence available today suggests that, while chastened, the Chinese Communist Party is no more capable of harnessing the nation's productive potential for long-term devel-

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opment and growth than were its predecessors. But who will dare tell that truth to a "hard" authoritarian regime? More importantly, who could change it?

Both communist and latter-day Confucian states have always faced a dilemma when choosing public servants. In Stalin's day the choice was between "Red or expert." The Confucian conundrum has been between "virtue and merit." The collapse of the Soviet empire was due at least in part to the fact that Stalin and his successors invariably chose the Reds over the experts. Likewise, the success of modern Confucian economies has come in part because, as Pye has written, "In traditional Confucianism stress was placed mainly on the virtues of the upright man who embodied leadership. In recent times the idea of rule by an educated elite has meant the legitimization of technocrats in government." As long as China's rulers insist on complete political control, they will always choose loyalty over competence. As long as that is the case, it is difficult, given its present political structure, to argue that China will replicate the economic success of its neighbors.

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The Muddle Kingdom?

China's Changing Shape

Gerald Segal

THE CHINESE IDENTITY CRISIS

AT THE VERY MOMENT when China seems poised to regain its former power, doubts are growing about precisely what China is. China's economy appears set to become the world's largest, by some measures as early as 2002. Beijing has spurred this economic growth by abandoning Marxism and allowing China's various regions remarkable independence. The risks of such a strategy raise enormous questions about China's future. As the last of the communist old guard acquiesces in the move from Mao and Marx to market economics, China may be changing not only face but also shape.

This basic question over China's future revolves around the degree to which Beijing's authority will give way to the centrifugal pull of China's increasingly dynamic periphery. The death of old ideologies has left Chinese nationalism as the obvious, if uncertain, organizing principle for Beijing's domestic and foreign policies. Will China's fate be dominated by its unsatisfied nationalism, or will it be moderated—even wrecked—by the fissiparous tendencies of Beijing's continental empire?

The international context surrounding this internal challenge is critical. Never in China's history has such a push for decentralization

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been accompanied by the pull of so many outside forces. In an age when empires disintegrate, sovereign powers form greater unions and the world economy grows more interdependent, can China be immune to revolutionary change? East Asia is rapidly evolving, and an era of increasing interdependence will tend to weave China's competing regions into various patterns of global affairs. China's neighbors may seek to exacerbate the regionalism begun by Beijing in order to restrain its impulse for domination. China's regionalism at home thus connects with its increasing interdependence abroad.

The result is an identity crisis for China, at least a crisis in the Chinese sense of a simultaneous threat and opportunity. To better understand China's future, Sinologists must abandon traditional methods and look beyond the politics of Beijing. China's regions count for more, as do developments in neighboring East Asia and the world beyond. Factors well beyond Beijing's control—burgeoning flows of commerce, decisions by regional and local players, and the power that accrues to new economic centers—will change the way China is perceived, how it is governed and how the outside world interacts with this rising power in the 21st century.

DENG'S GAMBLE

DENG XIAOPING HAS embarked on a risky strategy that ties the legitimacy of his regime to its ability to produce prosperity. So far it has worked. China has sustained nearly ten percent annual growth for the past 13 years, and the World Bank, not the most radical of institutions, now issues a range of evidence for why China looks set to become the world's largest economy by 2010 or, if one includes "Greater China," by 2002.[1] According to International Monetary Fund data, China is already the world's second-largest economy, and the World

[1]The first of the World Bank reports was given prominence in *The Economist*, November 28, 1992. Subsequent reports appeared in *Financial Times*, April 26, 1993 and *The Economist*, May 15, 1993. All studies note that current figures on Chinese GDP are misleading because they do not take into account real purchasing power parities. The impressive figures are obtained when calculating GDP at purchasing power parity rates instead of using standard international prices. What is important, however, is the trend, rather than any specific figure.

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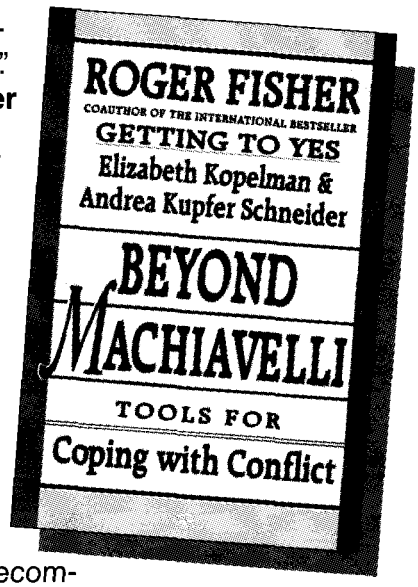

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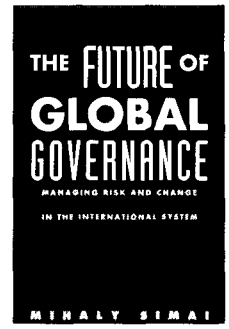

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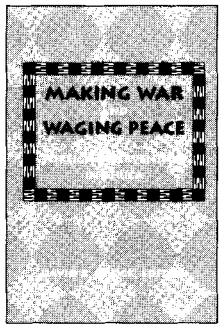

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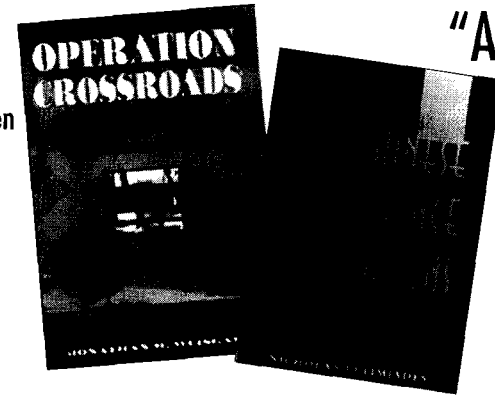

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Bank has dubbed the Chinese economic area a "growth pole" for the region. As China looks set to become the number one economic power, it may also come to have the world's largest trade surpluses with some countries, not to mention the world's largest military spending. China will be different than Japan or the United States in that it will still have a far smaller per capita GDP, which may ensure China's continuing need for foreign investment and technology transfer, leaving the outside world with important leverage.

As Beijing gives more leeway to the regions, it grows harder to retain central control.

Deng has managed an enormous confidence trick, using the fruits of prosperity to buy off those opposed to abandoning Marxism. But a more professionally run economy will eventually undermine China's authoritarian politics. Thus, wittingly or not, Deng has in effect abandoned not only Marxism but also Leninism, and he may ultimately bequeath his successors a political system more akin to that of Taiwan, or even South Korea or Japan. It is a risky strategy in part because the post-Deng leadership will have less authority than the preceding revolutionary generation, a fact that could well open new divisions in the state.

As if the risks of transition from communism were not enough, Deng has compounded the uncertainty by grounding China's new economic growth in a strategy of regional development. When confronted with conservative opponents in Beijing, Deng found support in the regions for his market reforms, thereby demonstrating that his strategy would offer sufficient prosperity to provide stability and even a degree of legitimacy for the regime. But as Beijing gives more leeway to the regions, it grows harder to retain central control over the economy. Many levers of central power, rusty from disuse, have proven to be stuck when Beijing has sought to reassert its control. For example, Beijing's failure to implement an economic austerity package in the summer of 1993 was almost entirely due to resistance by the rich coastal provinces.

The emphasis on regionalism has also increased the differences and disparities between parts of China. This problem was initially mitigated because some of the rapidly growing coastal areas were merely catching up to interior regions that were blessed with central support

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in earlier decades. But as coastal China grows so much more swiftly than the interior, a form of east-west split is evident. For example, coastal Guangdong's per capita GNP is twice that of interior Ningxia, and Shanghai's is five times that of Sichuan.

Regionalism poses major challenges for China, especially as interprovincial tensions and trade protectionism rise. World Bank research shows many provinces trading more with the outside world while trade with domestic counterparts falls, both in real terms and as a percentage of a province's total trade. At the same time, higher wages in coastal regions allow provinces such as Guangdong to buy material and labor from the hinterland, increasingly without central control. There have been numerous clashes, such as the "rice war," when Guangdong used military units to ensure access to cheap rice in Hunan. A number of provinces have set up inspection stations along rail lines to restrict domestic imports. Others, such as Hubei, Hunan and Jiangxi, have used their own de facto currencies.

While leaders in Beijing decry this internal "chaos" caused by "regional protectionism," their ability to control or counter it has been reduced. Beijing demands tax revenues, but its leverage is diminished as the regions grow richer on the proceeds of their growth. When Beijing tries to enforce discipline by restricting access to centrally controlled energy resources, Guangdong can, as it did in a 1992 dispute, buy its own oil on the international spot market and charter its own tankers. What's more, the implications of Chinese regionalism extend beyond domestic politics into the international arena. Regionalism, especially in its foreign and security policy context, soon raises the sensitive question of the integrity of the modern Chinese state.

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NOT-SO-FOREIGN RELATIONS

As the domestic fabric of China loosens, it is pulled by outsiders. Yet the outside world is well aware of the risks of regionalism, most notably if economic fragmentation leads to mass migration and the loss of an important trading partner. China's decentralization and social decay have already led to a massive increase in uncontrolled migration (including to the United States), drug addiction and drug running. The mephitic implications of a China ripped apart are balanced by the risks that many of China's neighbors see if it grows strong and unchecked. China's unsatisfied nationalism is a source of serious concern in East Asia.

The strongest basis for confidence about the ability to manage the

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return of Chinese power is the fact that China's new prosperity is based on interdependence with the outside world. In the past, China has been far more self-sufficient and focused inward. Today, China's growth is simply not sustainable without access to foreign markets and injections of foreign capital. Yet it is far from certain that the benefits of interdependence will be cut off if China misbehaves. Given the size of the Chinese market and the difficulty of pushing around a country so large, those who benefit from trade with China are very reluctant to sever ties.

The extent and complications of interdependence are best understood in their more specific context. The closest ties are those between parts of Greater China. Some 80 percent of total investment in China comes from overseas Chinese in Hong Kong, Taiwan, Singapore and beyond. Exports from the economic areas of Greater China were as large as Japan's in 1992. These thickening webs of international interdependence—among Chinese in Greater China, with Chinese minorities living throughout Southeast Asia and even with neighboring non-Chinese countries—are creating unique "natural economic territories." These territories consistently defy formal state boundaries and challenge the cohesion of China proper as well as Beijing's central control. Burgeoning economic forces are thus helping to fragment China even as they integrate regions of the mainland with Chinese communities abroad.

Nowhere is complex interdependence more intense than in the context of China-Hong Kong relations. With the colony slated for return in 1997, convergence is already underway. Hong Kong employs some three million workers in China, and Chinese investment in Hong Kong now exceeds Hong Kong's annual investment in China. Hong Kong has long been China's main trading partner, as reexport trade has fueled prosperity on both sides of the frontier. Even gangsters operating on both sides have increasingly close ties.

Yet Hong Kong's convergence with Guangdong is often misunderstood as being convergence with all of China. Given Hong Kong's ethnic ties to southern China, most of its investment and interaction is concentrated there. Thus the fate of Hong Kong is not just about the fate of six million people in the British colony. It is also caught up in the struggle between southern China and Beijing. As Hong Kong

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rapidly becomes the service center at the heart of a larger southern Chinese economy, the prospects for managing local economic relations are not necessarily the same as managing political relations with Beijing. The "rice war," the tanker dispute and Guangdong's blockage of a Sino-American deal on trucking are all evidence of how Hong Kong and the wider world can become caught up in a struggle between the center and provinces in China.

Taiwan's economic prosperity is also increasingly tied up with that of southern China. Although Taiwan has a particular interest in Fujian province, Taiwanese investment is concentrated throughout southern China—a region that drew $5.5 billion from Taiwan in 1992 on top of a cumulative $3.4 billion in investment in the previous decade. By April 1993 there were reportedly some 12,000 Taiwan-funded enterprises in China. Two-way trade in 1992 totaled some $7 billion.

The China-Taiwan economic convergence is so extensive that it has forced political changes, with the two sides holding their first high-level talks in Singapore in April 1993. The selection of Singapore is significant for those concerned about the forces of Chinese nationalism in Greater China. Singapore's senior minister, Lee Kuan Yew, has led the campaign for a nonadversarial relationship with China and praised the benefits of economic transformation leading to gradual political reform under authoritarian control. But in this new dialogue with Taiwan, Beijing may actually be making the majority of political concessions. It is anxious to obtain a large portion of Taiwan's massive foreign exchange holdings. Moreover, unlike Hong Kong, Taiwan is not necessarily on an inexorable road to unity with China.

Ironically, greater integration with the mainland makes de facto independence for Taiwan more plausible. If even China is prepared to be pragmatic in its dealings with Taiwan, it becomes harder for third parties to refuse decent relations with Taiwan. The more Taiwan is able to operate as a normal international actor, the less it will feel the need for eventual unity. And Taiwan's political independence in turn encourages greater regionalism on the mainland. In this context, "Greater China" takes on the economic meaning of closer relations with the mainland, but the political meaning of greater fragmentation of China, defined in its widest sense. Meanwhile, wider and deeper

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natural economic territories are created in East Asia. While certainly a player in this process, Beijing is far from being in control.

As one moves outward from China to Southeast Asia, this complex sense of Greater China becomes more obvious. Despite Lee Kuan Yew's rhetoric and ever-closer economic ties, no one suggests that Singapore wishes to surrender its political independence to China. In 1992 alone Singapore's investment in China was $997 million—$100 million more than in the dozen years from 1979 to 1991. Initially concentrated in southern China, investment has since begun to diversify. With plans to attract some $20 billion in investment to develop a township in Suzhou near Shanghai, Singapore is signaling its intention to gain economically while using regionalism to hedge its political bets. Southeast Asian investors are freer to invest where the terms are best and are therefore better placed to take advantage of competition between China's various regions.

Overseas Chinese, especially those outside Singapore, are acutely sensitive to the political dimension of their economic choices. Over the centuries they have struggled to maintain ethnically based economic links, all the while living as an ethnic minority in a divided and uneasy society. As even Taiwanese have invested in China, Chinese minorities from the Association of Southeast Asian Nations have followed suit. In 1992 a number of major deals were announced and some 10-15 percent of foreign capital entering China came from ASEAN countries. ASEAN's Chinese minorities are especially wary of any charge of playing politics when making money. Thus their approach to China is very different than that in other parts of Greater China, if only because they are not in charge of state policies. Their choices are based on economic rationality, and they want the least possible intervention from governments. Their stake is in enhanced economic regionalism with no change in the current political pragmatism.

A LILLIPUTIAN STRATEGY

FOR MANY OF ITS non-Chinese neighbors, China's regionalism and interdependence provide avenues for both economic and security strategy. They find distinct advantages in a China whose com-

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ponent parts are integrated in separate, even competing, economic spheres. They may even seek to aggravate differences in regional interests, prospering economically from enhanced trade and investment even as they help create a politically less unified, and perhaps less threatening, great power.

Japan, for example, has been the prime advocate that China's good behavior can be guaranteed by tying it into webs of interdependence. It is a major investor in China, although Japanese firms have acted more conservatively than overseas Chinese. Now that Japan is becoming a more important investor in China, it is hedging its bets on regionalism. Investment used to be concentrated on channels through Hong Kong. But recent evidence suggests far more concentration on neighboring Shanghai and other regions farther up the coast. In Dalian, 20 Japanese firms joined together in September 1992 to develop a special industrial park, and half the foreign direct investment in Liaoning comes from Japan.

Of all countries, Japan recognizes the need to be careful about discussions of Chinese regionalism. Japan exploited warlordism earlier this century to divide and rule much of China. And yet Japan can see obvious advantages in dealing with a China that has distinctive regions competing for foreign investment and trade, and not having to face a unified and more powerful China. If East Asians are to work together to cope with the risks of a stronger China, then Japan will have to play a crucial role as the most powerful non-Chinese state in Asia. Japanese have only recently begun to think through their options, but the advantages of dealing with a looser China are enormous.

Korean calculations are equally complex. Seoul's investment in neighboring parts of China has an obvious economic rationale, as well as a political calculation of buying influence via Beijing on Pyongyang. As South Koreans look forward to eventual reunification with the North, they also know that they will continue to need a friendly China to help balance Japan. But a large and nationalist China can be a problem as well, and Korea also sees benefits from a looser China.

China's largest neighbor, Russia, is perhaps in one of the weakest positions. Well before the Soviet Union collapsed, Sino-Soviet eco-

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nomic relations were leading a developing détente. Trade between the two states totaled nearly $8 billion in 1993, $3 billion of which was cross-border trade. An important part of the logic of détente was the benefits of regional interdependence, especially for those interior parts of China that felt left out of the general opening to the global market economy. If trade relations stalled, it had far more to do with Russia's deepening chaos and collapsing economy. While these problems still afflict the prospects for economic interdependence, Russia nonetheless desires stronger contacts with China.

Russia has good reason to be wary of China as a unified great power. Russia grabbed much of the territory along this frontier when China was weak in earlier centuries. Now Russia must fear for its own ability to hold on to these imperial spoils as China's economy grows and its defense spending approaches Russian levels. A fast-growing China will require precisely those minerals and energy resources that are so close by in the Russian Far East. The small Russian population sitting atop these valuable natural resources could be highly vulnerable, especially if Russia itself should fragment.

But the fact that so much of the territory on either side of the frontier sits uneasily in either empire provides some comfort for Russians. Manchuria is not firmly within core China, and its tendencies toward regionalism are far greater than Chinese officials would admit. Russians sometime speak of making the most of this uncertainty and tying the region into closer connections. They hope that China will be less of a threat when these Chinese, in competition with other regions farther down the coast, have a stake across the Russian border. But for Russians, whose economy is in such sad shape, this strategy entails great risks.

Although other East Asians are not in such a weak position, they share the desire to make the most of Chinese regionalism in order to avoid having to face a unified Chinese power. So long as China was weak and foreign powers were present to keep it under control, most East Asians were relatively unconcerned about its power. But nearly all the great powers are gone (or going), and China is growing strong. It is not surprising that some look to regionalism in China as a way of controlling China's challenge.

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Look for GOP to Slam White House on Porn, Condoms, p. 6

ROLL CALL

THE NEWSPAPER OF CAPITOL HILL

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Acting Director To Guide Budget For 1995

By Timothy J. Burger

As Randall Medlock prepares to take over as acting House Director, the leadership has no timetable for finding a replacement for Leonard Wishart, who surprised the Hill community last week when he abruptly announced his resignation.

As a result, Medlock, Wishart's top assistant since August, will likely have the task of shepherding through the House this spring his portion of the legislative branch budget for fiscal year 1995, which is expected to include deep cuts.

Wishart told House leaders Jan. 10 that he will leave as Director of

Continued on page 11

Photo by Laura Patterson

The new rule allowing any rank-and-file Republican to call for a vote of "no confidence" in the Minority Leader would consolidate Gingrich's power, sources say. At right, Rep. Jay Kim.

Gingrich Wants 'No Confidence' Votes for GOP

By Timothy J. Burger

Rep. Newt Gingrich (R-Ga) is planning a change in GOP Conference rules that would allow any Republican to call for a "vote of no confidence" in the Minority Leader, the post he is expected to capture in December.

The move, according to observers, would consolidate Gingrich's power as Leader while giving the appearance of populist accountability.

Gingrich, the Minority Whip, last fall declared victory in his race to succeed retiring Rep. Bob Michel (R-Ill) as Minority Leader next year.

In recent weeks, Gingrich has discussed with colleagues a measure that would allow a House Republican to demand an immediate, non-debatable, secret-ballot vote in the Conference. Ging-

nch's press secretary, Tony Blankley, confirmed last week.

"He's talked about finding a mechanism for, should he be honored to be elected Minority Leader, ensuring regular accountabili-

Continued on page 10

DSG Loses Thousands In GOP Funds

By Karen Foerstel

More than 20 House Republicans have dropped their subscriptions to a House Democratic publication, the GOP Conference said this week, depriving the rival party of nearly $90,000 in fees.

The Republican Conference

Continued on page 15

Tallon First Former Member to Be Target Of FBI Probe on Breach of Lobbying Ban

By Mary Jacoby

In an apparently unprecedented move, the FBI is investigating whether ex-Rep. Robin Tallon (D-SC) violated the one-year ban on Congressional lobbying when he visited the office of his successor last March.

Tallon, who less than two years ago rebuffed a sting operation attempt by a tabloid TV show hoping to catch him committing lobbying ethics abuses, said the FBI has not contacted him about the investigation.

"I've got to understand what it is that's going on myself," Tallon told Roll Call Friday.

In 1989, Congress passed so-called "revolving door" legislation designed to keep former Members who become lobbyist from capitalizing on influence with their former colleagues.

Violation of the one-year lobbying ban is punishable by up to one year in prison and a $50,000 fine.

Tallon, a lobbyist for the Tobacco Institute, dropped in unexpectedly on a March 24 meeting Rep. James Clyburn (D-SC) had arranged in his Hill office with Simon Turner of Healthy Buildings International, an indoor air quality consulting firm in Fairfax, Va.

Clyburn said he met Turner as a March 13 hearing of the Public Works and Transportation public buildings and grounds subcommittee, of which Clyburn is a member.

The subcommittee was considering a possible ban on smoking in federal buildings — a move the Tobacco Institute opposed.

Turner testified at the hearing

Continued on page 11

Tallon was expectedly dropped in on a meeting with Clyburn.

Heard On The Hill

By Craig Winneker

Diet COLA. After a year and a half of resuming half of his Congressional pay as

Continued on page 11

No COLAs

What Members and staffers won't be seeing in their paychecks this month, p. 7.

Politics

A dust from runs for Senate; an entrenched Senate incumbent gets a primary, p. 9

With Wilder's departure, a NARAL endorsement, and $950,000 in the bank, it's incumbent Sen. Chuck Robb's (above) race to lose. But the field is still not settled in the Virginia sweepstakes.

Robb Gets Big Break With Wilder's Retreat

But Other Democrats Still Mull Senate Race

By Tim Curran

The fallout from Democrat Douglas Wilder's decision not to run for his party's Senate nomination in Virginia this year is just beginning, but incumbent Sen. Chuck Robb (D) appears to be the biggest beneficiary of the maverick former governor's unexpected announcement.

Wilder's stunning statement late Wednesday at least temporarily left only five candidates in the running for Robb's seat. Indications late last week were that at least one of these contenders, Northern Virginia attorney Daniel Alcorn (D), might also back off from the contest.

But most observers were interested not in who else might leave the race, but in who might get in. Several Democratic House Members in the state reported being deluged with calls asking them to enter the field against a scandal-tainted Robb, but while that is unlikely, other prominent Democrats may find time is short in deciding whether to run.

Most potentially threatening to Robb would be Mark Warner, the current state party chairman who

Continued on page 10

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CENTRALIZED NATIONALISM

INTERDEPENDENCE BETWEEN China's regions and the outside world is possible only because Beijing has sanctioned economic decentralization. But Beijing is acutely sensitive to any extrapolating of the economic trend to security issues, and it copes with this problem by taking a particularly strong nationalist line on military matters. In military affairs the premium is on unity.[2]

China is virtually unique among great powers in having a territorial dispute with nearly every one of its neighbors. From China's point of view, using its new power to "right the wrongs of history" is only natural. But it is equally obvious why such a strategy makes for nervous neighbors.

No one is more nervous than Hong Kong, for it already knows its fate. Precisely because Hong Kong (and Britain) was never able to stand up to China, the lesson for others is that China will regain what it believes to be its own, regardless of the risks to its economic prosperity. This message is clearly heeded by Taiwan, for it too is claimed by the mainland. Although China and Taiwan at times share security interests, it is increasingly clear that Taiwan will continue to defend its independent position by developing a democratic political system and active military deterrence. So long as its economy continues to prosper, Taiwan will remain more a pole of attraction and power than a pawn to be captured by China in due course. The result will be continuing worry in Beijing about economic regionalism developing into something more serious.

China's nationalist approach is evident in the way that it has handled territorial disputes in the South China Sea. Leaving aside the validity of China's claims, Beijing's regular resort to force in seizing islands appears designed to signal that China will be ruthless in taking what it claims to be rightfully its own. Only the limits of China's military capability and its calculation of political opportunity appear to temper this strategy. While scaring its neighbors and the broader

[2] There is, however, some ambiguity in the Chinese position, for example in granting provinces management of territorial waters, as was done for Liaoning, Hainan and Hebei.

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international community seems to make no economic sense, Beijing may be calculating that the potential gains of energy supplies and other resources in these newly won territories are more vital to the growing Chinese economy.

Part of China's nationalist agenda is to demonstrate its dominance in the region. The problem is that China often defines "normal" relations with certain neighbors—Vietnam, for example—as ones where China is dominant. This outlook is not necessarily true for all Southeast Asian nations. But for the likes of Malaysia, Indonesia and the Philippines, a China left to set its own agenda for economic interdependence, and one free to use force as it sees fit, will likely see the natural state of affairs as subservience to China. Japanese economic investment is an inadequate counterweight to fully developed Chinese economic or military power. Without a balance of power, Southeast Asians are vulnerable. The question that Southeast Asians must ask, then, is how much should they pacify China before seeking strategies of deterrence.

Part of China's nationalist agenda is to demonstrate its dominance in the region.

Beijing is apparently set on a policy of force in the South China Sea. Unlike the case of Hong Kong, no serious sign has yet emerged that China's regions oppose a hard, nationalist policy. Yet one could conceive of conditions in which regional leaders would fear that the ruthless pursuit of an irredentist agenda would damage their own economic prospects and impinge on local interests. Would it necessarily be foolish for China's neighbors in Southeast Asia to exert influence on sympathetic regions in China in order to widen certain differences with the center? The question is as yet hypothetical, but it points to some of the potential choices open to China's neighbors who worry about its nationalist agenda.

In northeast Asia, the territorial disputes with China are, for the most part, far less acute. But Japan, too, is growing more suspicious of the military dimensions of Sino-Japanese relations. Why does China want to enter into long-term defense production arrangements with Russia when there are no major threats to Chinese secu-

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rity? Confronted by a hegemonic China, Tokyo may be forced to rethink its economic and technological assistance to China. It might also seek closer cooperation with the Group of Seven leading industrial nations regarding China, perhaps putting itself at odds with those East Asians who continue to trust in economic interdependence to control China's potential threat. Japan might find it easier to remain an active trader with China, but it may also seek to make China more manageable by encouraging regional economic rivalries and, through the regions, by pressing for moderation in Beijing.

In the Russian case, similar calculations apply, only more so because of Russia's apparent weakness. Russia also has to decide if it wants to continue arming China and helping it obtain next-generation defense technology. China and Russia have yet to resolve their territorial disputes. Border talks are stalled, and not only because the Commonwealth of Independent States cannot get its act together. Under the guise of fostering economic cooperation, China is seeking a range of quick and long-term fixes for its obvious military weakness. If China does emerge as the main power in East Asia, Russia and Japan will have far more in common in foreign policy than they are used to admitting. Neither can count on China's short-term economic needs ensuring a peaceful partner in the 21st century.

Hence the question arises of the limits of the interdependence strategy to restrain China. With unfettered trade, supposedly in the civilian sector, China could pick up critical military technologies. For all the decentralization of the Chinese economy, what is traded to China at the provincial level might well end up as part of a central effort to develop new military technology. As China becomes an increasingly important actor in the international arms trade, Beijing's advancing military capabilities are a matter of concern not only to China's neighbors but to the world at large. Economic decentralization will no doubt lead the Chinese to argue to foreigners that they no longer have control over their defense industries. But the reality looks far more complex. The central government continues to control matters such as defense procurement and arms sales, even as other economic decisions devolve to provincial or local levels.

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THE SHAPE OF THINGS TO COME

CHINA STANDS ON the brink of redefinition. Most Chinese would like to believe that China is set to return to its natural position as the predominant power in Asia. Most everyone else fears such a return of history. But China is an empire with fragile fringes subject to outside pressures. What is most significant about its current circumstances is that previous Chinese regionalism has never taken place at a time when it was encouraged by forces both at home and beyond China's own frontiers.

The fault lines of the Chinese empire are myriad, and history is replete with Chinas of different configurations. Today one can distinguish between China's inner and outer empires. The outer empire includes Tibet, Xinjiang, Mongolia and other fringe territories, most of which have strong cases for ethnically based independence but have reaped relatively little benefit from economic decentralization. Even the inner empire, which consists of areas such as southern China, Shanghai and its hinterland, and Shandong, is divided by dialect and important cultural fault lines. The southern Chinese, now economically booming, have one of the strongest cases for greater independence based on cultural distinctiveness.

By and large when China has disintegrated it was at least initially for internal reasons, with foreigners taking advantage of subsequent weakness. A strong China has usually been able to resist outside pressure. Thus when European and then Japanese imperialism pressed a severely divided China, it crumbled into pieces. Now that those pieces have been put back together, the great historical question is how well cemented is the edifice. Foreign forces no longer operate like imperial powers, but powerful pressures from the international system could yet reshape a China in the midst of momentous internal transition.

Far from being in control of a wider, hierarchically organized Greater China, China is a Middle Kingdom in a muddle. Beijing's grasp of its outer empire has always been tenuous. Although these regions are not about to spin out of orbit, they will continue to be a source of insecurity for the central leadership. But the fate of the outer empire is relatively inconsequential compared to the challenges regionalism poses in the inner empire. Here, southern China is most at risk. But as the other

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coastal regions also grow economically more powerful, they too will naturally seek more control over their own futures. It is more than a curiosity, for example, that provincial leaders in Guangdong have been appearing on television in recent months speaking in Cantonese.

A possible, albeit unlikely, outcome is a breakup of China, whether peaceful or otherwise. The uncertainty surrounding the succession to Deng Xiaoping and the fact that economic modernization and reform have already moved 130 million Chinese off the countryside and into towns and cities—with another 200 million set to migrate soon—creates a situation of fundamental political and social change, leaving much revolutionary tinder scattered around the country. The most senior military officials in China talk of the risks of civil war because the armed forces are weakened by these economic and social forces. If China does collapse, no one should say they did not know why.

The most senior military officials in China talk of the risks of civil war.

What seems most likely is a continuing devolution of power. To an important extent, Beijing will pretend to rule the provinces, and the provinces will pretend to be ruled by Beijing. But central power is unlikely to be lost entirely, at least in the medium term. The center will retain some ability to play one province off another. Some economic decisions will be taken at a provincial level. Others will be taken lower down at the local level. Still others may even be made outside in Greater China, where key interactions with the global market economy take place. Thus, the most effective level of government may vary from local to national to international, depending on the issue.

The result is likely to be a looser United States of China or a Chinese Economic Community. Part of the difficulty in judging what this looser China might look like is that China has no tradition of federalism and no legal tradition on which to build federalism. Might Beijing become more like Brussels or Washington? Will economic decisions be made in the regions and most security decisions in Beijing? Is such a divided system sustainable, or will power tend to gravitate to the periphery? These issues are impossible to resolve. But experience suggests that form often follows function.

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While this argument seems to suggest that military regionalism will follow economic regionalism, a far messier pattern is more likely. Beijing will likely hold many of the traditional functions of diplomacy—conducting negotiations on security and arms control issues, or deciding how to vote in the U.N. Security Council—even as the regions or more specific localities take increasing control of trade and investment questions. In some areas of foreign relations, however, such as migration or gun and drug trading, Beijing has already lost control, and often to gangsters rather than another level of government. The aspects of foreign relations where real power resides in the regions are growing. Beijing may welcome membership in the General Agreement on Tariffs and Trade, in part because it will strengthen its hand in trying to control increasingly uppity provinces. But foreigners who want to trade with China are best advised to think in terms of provinces or localities. It is they who can guarantee the transparency of global trading regulations or resolve disputes over intellectual property.

A range of political and security issues will require a more sophisticated treatment of China. No issue will be more contentious than how to ensure China's cooperation on matters of regional and international security. The divergent interests of coastal China and Beijing may continue to force changes in Chinese foreign policy, as it already has. Regional leaders may be best positioned to restrain China's use of force in territorial disputes or even to curb its arms sales policies. If the Hong Kong and southern China economies have to be damaged in order to modify Chinese policies on arms sales or human rights, then so be it. If industries in Shanghai or some other region have to be targeted in order to induce regional leaders to press Beijing on foreign policy disputes, then so be it. Foreigners will have an increasing stake in the conclusion that, if Beijing is to remain in the middle of its kingdom, it will have to be a looser kingdom.

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The Lagging Partnership

Andrei Kozyrev

IN SEARCH OF A JOINT STRATEGY

In August 1991, addressing a mass rally in Moscow in the wake of the failed communist coup, I officially stated something that had been just an idea before: the United States and other Western democracies are as natural friends and eventual allies of the democratic Russia as they are foes of a totalitarian U.S.S.R.

Indeed, partnership is the best strategic choice for Russia and the United States. Rejection of it would mean the loss of a historic opportunity to facilitate the formation of a democratic, open Russian state and the transformation of an unstable, post-confrontational world into a stable and democratic one.

Achieving these goals is of vital importance to Russia and the United States, which now share common democratic values. The national and state interests of both countries no longer conflict but complement each other on most international issues. The stage is set, then, for Russia and the United States to influence positively the course of world affairs—not through a condominium or imposed superpower priorities, but catalytically through a constructive partnership.

Yet despite successes such as the second Strategic Arms Reduction Treaty, the agreement to cease mutual targeting of nuclear weapons, and the cooperative approaches to several regional conflicts, partnership between Russia and the United States faces

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Andrei Kozyrev is Minister of Foreign Affairs of the Russian Federation. This article was translated by Antonina W. Bouis.

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problems or fails altogether in some areas. In my view, this is due not to a wrong strategy, but to the fact that so far we have no strategy at all. While elements of cooperation exist on concrete issues, a mature strategic partnership has yet to emerge.

Partnership could run only against the interests of military-industrial groups and factions of government bureaucracies in both countries. These forces see themselves losing ground after the Cold War, and they are trying to survive by portraying their narrow group interests as national ones. They profit from the inertia of past confrontation and the inevitable difficulties of building a new Russian-American relationship.

The traditional American Sovietologists harp on the difficulties and unpredictability of Russia's internal processes, which do not fit the usual Western criteria and stereotypes. Some analysts cannot accept the idea of a strong Russia, whether it be imperial or democratic. They propose that the West either take a wait-and-see approach or develop a new containment strategy.

Partnership opponents within Russia gather not so much under communism's red flag as under the brown banner of ultranationalism. They reject cooperation with the West as inseparable from the democratizing of Russia, and view democratization itself as an obstacle to renewed authoritarianism and the forceful establishment of "order" within the territory of the former Soviet Union.

All the opponents of partnership—Russian and American—share the thesis that Russia is doomed to confrontation with the world around it and that East and West are fatally incompatible.

HISTORIC CHOICES

UNDER ITS TOTALITARIAN regime, Soviet foreign policy was made in deep secrecy by the Communist Party elite. No one in the Soviet Union had the right to discuss it openly, much less criticize it. Naive attempts by Western Kremlinologists to isolate "hawks" and encourage "doves" in the Politburo inevitably ended in failure.

Today in Russia a real public opinion is taking shape, which in its own way is no less sensitive to foreign policy issues than public

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opinion in the United States. Because public opinion is decisive in democracies, it has become the focus of struggle between democratic and nationalist forces within Russia. For the first time, the policies of Russian reformers and their friends abroad must be pursued taking into account how these policies are perceived inside Russia.

Russia faces a historic choice—proceed with reform or face the danger of slipping into extremism.

The majority of Russian political forces wants a strong, independent and prosperous Russia. From this fundamental fact it follows that the only policy with any chance of success is one that recognizes the equal rights and mutual benefit of partnership for both Russia and the West, as well as the status and significance of Russia as a world power. Russian foreign policy inevitably has to be of an independent and assertive nature. If Russian democrats fail to achieve it, they will be swept away by a wave of aggressive nationalism, which is now exploiting the need for national and state self-assertion.

This prospect was confirmed in the course of Russia's first free parliamentary elections last December. Some Western observers rushed to use the election results as proof that an "imperial consciousness" is practically a national trait of the Russian people. However, as a successful candidate in the parliamentary election campaign, I learned that the Russian voters were not in fact interested in restoring the empire or militarily reaching "the warm seas," even though almost a third of them voted for the party advocating such policies, Vladimir Zhirinovsky's Liberal Democratic Party. Rather, the voters in my Murmansk district of northern Russia were reacting against the unbearably high social price of market reforms, against the crime and corruption that has flourished on the remnants of the totalitarian state, against the clumsiness and smugness of some democratic politicians. The ambivalence of the election results was evidenced by the one-third who voted for my democratic candidacy for an individual seat and also voted on the party list for Zhirinovsky's party—even though the LDP wants to dismiss me as foreign minister and charge me with criminal acts.

Early in the last century, the Russian poet Vassily Zhukovsky, who

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was entrusted with the education of the heir to the throne, taught the future reformer Alexander II that "the true power of a tsar is not in the number of his soldiers but in the well-being of his people." Russia's tragedy is that this principle has been turned on its head throughout history. It is not the Russian people but the totalitarian communist regime that wasted the nation's intellectual and spiritual powers in senseless arms races and military adventures in Czechoslovakia, Hungary and Afghanistan. And it was not the Russians but the communist system that lost the Cold War. But it was the people who destroyed the system, not a foreign savior. This is important to remember because it sets the collapse of Soviet communism apart from, say, the fall of German Nazism or Japanese militarism.

Today Russia faces a historic choice—either proceed with the difficult task of continuing reforms or face the danger of slipping into one or another form of extremism. And it is now that Russia needs to be sure that the world needs it as a strong member in the family of free, law-based, democratic states and not as a "sick man" of Europe and Asia. Supportive policies are the best investments for the West, but they cannot be motivated by paternalism or an assumed inequality. Russia is predestined to be a great power. It remained as such for centuries in spite of repeated internal upheavals. What matters now is whether it is resurrected as a hostile nation under nationalist rule or as a peaceful and democratic one.

It is encouraging that this reality is well understood by some American analysts. According to Stephen Sestanovich of the Washington-based Center for Strategic and International Studies, "Kozyrev's nationalist rhetoric aims less at keeping him in parliament than at keeping Russia on its westward track. For the time being, the West has the luck of dealing with a nationalism whose very purpose is international partnership. When we face the alternative, we'll know the difference."[1]

It also must be understood that a firm and sometimes aggressive policy of defending one's national interests is not incompatible with partnership. Germany and France have shown that national interests

[1] Stephen Sestanovich, "Andrei the Giant," *The New Republic*, April 11, 1994, p. 27.

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can be pursued by cooperation instead of war. It would be naive to expect anything else when talking about great nations, especially unique ones, like Russia and the United States.

Of course, there is another path for the West: to leave things as they are, on the assumption that "we lived without Russia for 70 years and we can live another 70 years without it." Russians have that alternative, too. But that does not mean they will reject reform or an open foreign policy, since it is their choice, made in their own interests. It would mean that the path for achieving those goals will be longer and more painful for both Russia and the international community. Thus accelerating peace through mutual adjustment and cooperation is in everyone's interest.

PARTNERSHIP IN A MULTIPOLAR WORLD

THE COLD WAR era is past, but we still have only a vague picture of the international system in which we would live in the next century. The contemporary world is like a driver who knows his place of departure but has no definite destination, no map and no road signs. It is obvious, on the one hand, that there are enormous opportunities for the world to develop along the path of democracy and economic progress. But just as obvious is the danger of chaos and unpredictability in international affairs, and the emergence of new conflicts and schisms within and between states.

One thing is sufficiently clear: the international order in the 21st century will not be a Pax Americana or any other version of unipolar or bipolar dominance. The United States does not have the capability to rule alone. Russia, while in a period of transitional difficulties, retains the inherent characteristics of a great power (technology, resources, weaponry). And other rising centers of influence strive for a greater role in world affairs. The nature of modern international problems calls for solutions on a multilateral basis.

Do not misunderstand me. I am not talking about denying the United States, Russia or any other country its national goals in foreign policy or about turning them over to foreign or supranational "subcontractors." President Bill Clinton justly spoke against such an

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approach in his speech at the United Nations. The dilemma facing the international community lies elsewhere. If narrow-minded nationalism becomes the norm for international relations, the world will become a seething mass of competing national interests. The result could be an attempt to suppress disruptions and impose order through a new superpower balance of fear or a 1914-style balance of power. That is why Russia strongly advocates collective efforts to oppose aggressive nationalism, which has left a trail of bloody conflicts in Eurasia.

Nationalism today is no less a danger than nuclear conflict was yesterday. In the 1970s the struggle against totalitarianism went along with the affirmation of certain moral principles. The adherents of realpolitik then and now consider such exercises to be idealistic rhetoric. However, the tireless espousal of those principles turned out to be more dangerous to totalitarianism than all the nuclear power of the West.

Nevertheless, affirmation of democratic values will remain only on paper if it is not supported by practical cooperation. Moreover, we may end up overwhelmed by events if we react only to individual events or a dramatic episode televised on CNN rather than make decisions based on a long-range strategic vision. After World War II the West developed a unified joint strategy for addressing the main problems of the time. The Marshall Plan played a key role in the economic rebirth of Western Europe, and the concept of containment permitted an effective answer to the challenge of totalitarianism.

The adequate response to the present-day challenges should be the joint strategy of partnership between the democratic nations of East and West.

THE CORE OF THE STRATEGY

ABOVE ALL, we should decide what we mean by partnership: close and sincere cooperation in world affairs or a lopsided relationship in which all rights are on one side and all obligations on the other?

Russia opts for a pragmatic approach. Partnership may be like variable geometry, that is, encompassing situations and issues on

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which our interests converge. However, if partnership means a full-scale scheme—and this is what Russia seeks—then it should be based on the following elements.

First, it should include mutual recognition as like-minded nations, committed to democracy, human rights and responsible international behavior.

Second, in practical terms, such a recognition implies closing institutional gaps between Russia and the West. For example, the Group of Seven (G-7) leading industrial nations—an important but not paramount organization—coordinates political and economic approaches first among its members and then with Russia. NATO acts similarly. The Atlantic alliance was created to block communist expansion. But now that institution, no matter how effective, is inadequate simply because NATO no longer has a military enemy and Russia is not a NATO member.

The G-7 needs a two-stage transformation into a G-8. This process should start with political issues, where Russia is already an irreplaceable partner, and it can be completed as Russia enters the world economy. As for NATO, the "Partnership for Peace" proposal answers the need of bringing Russia closer to the alliance for now. But this program should not stimulate NATO-centrism among the alliance's policymakers or NATO-mania among impatient candidates for membership. Both are ferreting for proof that the Russian government is allegedly changing its foreign policy to suit its nationalist opposition. In fact they play into the hands of the opposition they fear and, more important, they are being sidetracked from a serious analysis of the problems of European security and a dialogue with Moscow about solutions.

The creation of a unified, non-bloc Europe can best be pursued by upgrading the Conference on Security and Cooperation in Europe into a broader and more universal organization. After all, it was the democratic principles of the 56-member CSCE that won the Cold War—not the NATO military machine. The CSCE should have the central role in transforming the post-confrontational system of Euro-Atlantic cooperation into a truly stable, democratic regime.

Third, partnership, like all patterns of interaction, has its rules, the

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main one being mutual trust. Of late, suspicions toward Russia have been frequently expressed, along with calls for various tests of its good behavior. Western critics of Russian foreign policy are sometimes reminiscent of old-time *Pravda* columnists who always saw "imperial politics" in major U.S. foreign policy actions. One could also play on the historical suspicion of the United States within parts of public opinion in Russia and other countries. Rather than give in to such temptations, we repudiate any attempt to drive a wedge between Russia and the United States in order to exploit their differences—as many did during the Cold War in order to get as much as possible from both Moscow and Washington.

Russia retains the inherent characteristics of a great power.

If a partnership is built on mutual trust, then it is natural to recognize other rules as well: the need not only to inform one another of decisions made, but also to agree on approaches beforehand. It would be hard to accept an interpretation of partnership in which one side demands that the other coordinate its every step with it while the former retains complete freedom for itself. Partners must have mutual respect for each other's interests and concerns.

This is a key lesson from the decision-making process that led to the lifting of the siege of Sarajevo in February. NATO's threat to bomb Bosnian Serb positions if the siege was not lifted by a certain date was made without Russian participation. It immediately became apparent that Russia could not and should not be excluded from the common efforts to regulate the conflict in the Balkans, a region where Russia has longtime interests and influence. Ultimately the advantages of partnership were illustrated when Russia and the West coordinated their efforts to persuade the warring parties to make peace. But the initial lack of consultation and coordination meant that first both sides had to run the risk of returning to the old benefactor-client relationship that had played such a pernicious role in the regional conflicts of the Cold War era.

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PRIORITIES OF PARTNERSHIP

RUSSIA AND THE United States have strengthened global security through weapons reduction and missile de-targeting agreements. Now they must bolster the seriously faltering nonproliferation regime for nuclear arms, other weapons of mass destruction and missile technology. It is time to move from filling in the holes in that regime to complex measures that include tightening controls on the sale of dual-use technology and the more destructive forms of conventional weapons, especially in conflict zones.

Russia's policy in the arms trade is no longer dictated by the support of ideological clients. But Russia remains a major arms producer. Its exports are vitally important to ensure economic stability and conversion. The Russian-U.S. partnership must be oriented toward keeping normal competition in this area from growing into political rivalry.

The new generation of regional conflicts has become an unprecedented challenge for the West and Russia. The example of Somalia is telling. The U.S. peacekeeping operation there, which seemed so hopeful at first, met with serious difficulties. It ended with Washington deciding to pull out. The easiest thing for Russia to do in this situation would have been to rub its hands gleefully and talk about the mistakes made by the military, much the same way some people in the West behaved about the Russian role in Abkhazia. But instead of lecturing on the failures of the Somali operation, we stressed the positive result: many people were saved from terror and starvation.

We understand the problems others face; we have similar problems, and even greater difficulties in our peacekeeping operations in the former Soviet Union. In many cases, we have had to hit the ground running. The Soviet army is still transforming itself into a Russian army, and diplomacy is mastering new and unfamiliar methods and giving up old ones. Therefore it is important for the West to show adequate understanding of our difficulties. The United States more than once had to deal with complex, ambiguous situations with its closest partners in Europe and Latin America. In some situations it had to take into account the immaturity of democratic processes and even obvious digressions from democracy.

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The principal difference between Somalia and Abkhazia or Tajikistan is that Russia cannot pull out of the conflict areas of the former Soviet Union the way America did from Somalia. Moreover, it is unlikely that the United States would allow itself to do so if similar conflicts were taking place so close to its wide-open border. We know that the West is neither inclined nor able to solve our problems, and we are not asking the United States to take on peacekeeping operations in Tajikistan or Georgia. But we do want our Western partners to respond to our requests for support. For instance, in voting in the Security Council for the U.N. peacekeeping forces in Somalia we did not demand preliminary achievements in the political settlement. (There still are none.) Why then does the U.S. representative at the United Nations advocate such a condition for Abkhazia? Russia's peacekeeping mission does not need carte blanche since it acts in complete accordance with the principles of international law and at the request of the states concerned. But the cooperation of the world community, including the use of international observers and material support, is of great value. There is a lot of room for improving the effectiveness of this peacekeeping effort and the partnership between Russia and the West.

Right up until the last moments of the totalitarian regime, the West was against the collapse of the Soviet Union, showing a willingness to accept even a "socialist choice" by the Soviet leadership. No wonder the West's support of Russia in August 1991 came as a surprise for coup leaders. Just as shortsightedly, the West insisted on preserving the unity of the former Yugoslavia. And the signal sent to Belgrade was just as misleading: the Yugoslav army tried to achieve the goal by force.

Russia did not fall into a Yugoslav-type trap only because there were Russian democrats in the Kremlin headed by the freely elected president, Boris Yeltsin. Instead of using force to reintegrate the republics within post-Soviet territory, Russia chose to reform on a new, voluntary basis through the Commonwealth of Independent States. The very name contains two intertwined principal elements of our policy. On one hand, a recognition of sovereignty and independence of the former Soviet republics, including the republics of Cen-

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tral Asia, which was expressed, particularly, in Russia's active support for their admission to the United Nations and the CSCE. On the other hand, the no less important recognition of the need for closer cooperation among the countries of the C.I.S., bearing in mind their economic, political, cultural and human interdependence. Ignoring either of these elements would inevitably lead to a repeat of the Yugoslav scenario.

At first, after the disintegration of the Soviet Union, the West openly recognized the role of Russia as the stabilizing factor and engine of economic reform in the former Soviet Union. We never refused that role, even though it costs us billions of dollars. What is wrong with Russia announcing as its goal the gradual reintegration—primarily economic reintegration—of the post-Soviet space on a voluntary and equal basis? The situation is similar to that of the European Union, where the economic leadership of the larger states like France and Germany is recognized. In the C.I.S., however, even a large and economically developed state like Ukraine cannot manage without close ties to Russia. Is there an alternative? Is the West prepared, for example, to pay for the oil and gas delivered to Ukraine, Georgia and the C.I.S. states from Russia or to take on the payment to Russia of the billion-dollar Ukrainian debt? That is why Russia's special role and responsibility within the former Soviet Union must be borne in mind by its Western partners and given support.

What is wrong with Russia gradually reintegrating the post-Soviet space on a voluntary and equal basis?

Ten years ago, if a pollster asked people on the streets of Moscow what the West wanted from the Soviet Union, most people would have answered, the respect of human rights. But today, after the democratic revolution, when there is freedom of information in Russia and every Western newspaper is on sale in Moscow, I am certain that no one would give the same answer. Yet the problem of the rights of fellow Russians in the "near abroad" is a real issue. Almost everyone has relatives and friends who are suffering from one form or another of discrimination or who have become refugees. But no one hears the

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voice of the West raised in their defense. Meanwhile, extremist nationalists are exploiting that fact.

One cannot ignore the fundamental difference between the position of the Russian government and that of the partisans of imperial policies. The latter view the Russian-language population of the former Soviet republics as a kind of fifth column in the new independent states, following essentially the same logic as Hitler in relation to the Sudeten Germans. The Russian democrats want something completely different—not privileges, but normal citizenship and equality for Russians in those states. It took Russia a lot of effort to ensure establishment of the CSCE post of High Commissioner for Ethnic Minorities. However, his recommendations to the Latvian and Estonian authorities are not being implemented, while the West stands idle. Here we also have the right to expect understanding and support.

Russia's progress toward a market economy, despite difficulties, is continuing. But it must be kept in mind that the old economic system, created by the command method and often through direct coercion, is not capable of self-renewal. Therefore, it should be replaced by political means. A properly organized political partnership between Russia and the West can greatly contribute to ensuring the success of Russian economic reform, especially through integrating Russia into the world economy. Russia needs early admission into international trade organizations, as well as nondiscriminatory access to European and world markets for its goods and technologies.

WHICH WAY FORWARD?

THE PROSPECTS and benefits of partnership are real. They are worthy goals, and neither we nor the West need rose-colored glasses to justify the effort. We do not hide our difficulties and certainly do not expect the United States to applaud our every step. Differing evaluations are natural and normal. Undoubtedly, problems may arise between our nations in the future that will require frank and sometimes unpleasant dialogue. The question is this: How do we approach these problems—with trust or with suspicion, with a wait-

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and-see attitude or with the spirit of cooperation? American foreign policy is often accused of idealistic optimism. But that is its strength rather than its weakness. In the past, the United States has shown its ability to see beyond narrowly perceived national interests for the sake of major strategic goals. Now is the time for America to show this ability in fostering the transition from the Cold War to a secure democratic peace.

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The Zhirinovsky Threat

Jacob W. Kipp

A DANGER TO RUSSIAN DEMOCRACY

IN THE ONGOING drama of what Russia is to be—state or empire, democracy or autocracy—Vladimir Zhirinovsky has shouldered his way to center stage with a bellicose, attention-grabbing performance. Some Russian and Western observers have quickly concluded that this ultranationalist is a bit player, thrust forward less by his own devices than by the inadequacies of Russian reformers in the December parliamentary elections. Yet it would be dangerous to dismiss Zhirinovsky, with his rash, outlandish statements to the press, as a self-destructive clown. His writings and the statements by key ideologues of his Liberal Democratic Party, as well as his electioneering skills, make him a potent threat to Russian democracy. Post-election surveys indicate voters support his ideas, and not just as a protest against economic conditions.

Zhirinovsky and his year-old Liberal Democratic Party surfaced in June 1991 when he drew six million votes, almost eight percent of the total election returns, to finish third in the Russian presidential election won by Boris Yeltsin. Two and a half years later, in Decem-

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AP/WIDE WORLD PHOTOS

Not the buffoon some might think

ber's parliamentary elections, his populist television campaigning garnered the LDP nearly 25 percent of the vote. Russia's political leaders and intellectuals, along with the West, were aghast to find this demagogue commanding a strategic position in the new 450-seat assembly, along with a fairly large bloc of hard-line, anti-reform communists. Although mutually hostile on a number of key issues, the communists and the LDP are proving capable of selective cooperation. Together they voted to release those who had led both the 1991 coup against former Soviet President Mikhail Gorbachev and the October 1993 insurrection in the parliament. Zhirinovsky instigated the surprise anti-Yeltsin maneuver fully aware that freeing Aleksandr Rutskoi might empower a more centrist rival for the political leadership of nationalist forces.

With hindsight it is evident that Zhirinovsky expertly organized for election success while openly portraying the effort as merely positioning himself for the next presidential election, whenever it may come.

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Rising discontent about Russia's declining economic condition increased Zhirinovsky's appeal between the 1991 and 1993 elections, and as the economy continues to falter, Russian commentators suggest that his appeal will continue to grow. His base of support consists of relatively well-educated young males from larger cities, older less-educated males from smaller cities, disgruntled rural residents and numerous members of the Russian armed forces. Zhirinovsky pledged to resolve the country's problems—by granting privileges to Russian businessmen facing foreign competitors, increasing arms export sales, ending Russia's "humiliations" abroad, and even getting husbands for unwed women and cheap vodka for all.

It would be dangerous to dismiss Zhirinovsky as a self-destructive clown.

In response, Yeltsin has shorn his government of reformers and adopted Zhirinovsky's calls for a crackdown on crime, an assertive foreign policy and strong state controls over economic and social activities. Some experts, including former U.S. State Department official Paul Goble, see the real danger not in Zhirinovsky but rather "in the way Boris Yeltsin and other Russian 'reformers' are likely to exploit the Zhirinovsky vote to pressure the former Soviet republics, and in the extraordinary likelihood that the West will complacently accept whatever demands the Russian president makes on them."

Russian reformers and Western observers have tended to underestimate the appeal of Zhirinovsky and his party. Even as late as the summer of 1993, foreign observers played down the threat to Russian democracy and the West coming from Zhirinovsky and other "Red-Browns." Richard Pipes, a leading historian of modern Russia and the Soviet Union, writing on the eve of the constitutional crisis that would pit President Yeltsin against his vice president and the Supreme Court, dismissed the Red-Brown threat as portrayed in Walter Laqueur's *Black Hundred*, a work devoted to the rise of the extreme right in Russia. Pipes spoke of fanatics seeking power and "the ravings of extremist intellectuals" but concluded that Laqueur's warning was a "false alarm." As the events of the next few months would show, Russia was far less stable than Pipes' analysis suggested.

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A major problem was that Yeltsin's government used its control of the media during the electoral campaign to play down the growing power of the Red-Browns in general, and Zhirinovsky's LDP in particular. During the last week of the campaign, when the LDP bought 220 minutes of television time to get its message to the voters, that attitude began to change. A last-minute effort by Vyacheslav Bragin, then chief of Ostankino Television, to use a program on Zhirinovsky and the LDP to "sober up" the electorate to the Zhirinovsky threat backfired. Only on the eve of elections did Russia's Choice, the top reform party, led by Yegor Gaidar, warn that it was time to stop considering Zhirinovsky a "harmless clown" and to recognize him as "a threat to Russia's existence."

There has been a strong tendency to dismiss Zhirinovsky's success as part protest vote and part personal charisma. Laqueur characterized Zhirinovsky as "a fine orator-demagogue" with shrewd political instincts but no real party or program. Political columnist William Safire dismissed the "panic over Mr. Z" as excessive. More recently, "60 Minutes" broadcast a feature on Zhirinovsky by Australian television entitled "The Mad Russian." In an interview with Zhirinovsky, the reporter asked him to comment on whether he was "a harmless clown or an evil clown." Zhirinovsky dismissed both those characterizations as "propaganda" by his enemies.

Such commentary underplays the real threat Zhirinovsky represents to Russian democracy. Were conditions to worsen, Zhirinovsky's skills at marshaling public distemper and the appeal of his ideas could produce additional unwanted surprises. Thus the ideas that propel him, apart from his impromptu, headline-grabbing outbursts, are worth serious examination.

WHAT'S IN A NAME?

AT FIRST GLANCE the designation "liberal democratic" seems a misnomer. Yet Zhirinovsky's choice of the terms liberal and democratic to describe his party is no accident. It is a conscious effort to distinguish his movement from other nationalist movements that range from monarchist to communist.

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In Zhirinovsky's hands "liberal" is an ahistorical category designating his outsider status. This is necessary for his political success because it allows him to invoke a mythic past before Soviet power and to place himself outside the political process that brought about the current crisis. "Liberal" in this sense is used by Zhirinovsky to invoke the idea that his party stands in the center of the political spectrum, while the democrats and communists occupy the extremes. The party's slogan, "Through a pluralism of opinions to the superiority of the law," consciously invokes ties with past Russian liberalism.

Previously, Russian liberalism carried a notion of moderate reform and Westernization. Russian liberals sought to build a civic society under law and were hardly radical democrats. Moreover, conservative nationalists, populists and Marxists, who were at odds with one another on almost every issue, were united in their rejection of liberals. Liberalism was branded as part of a utopian dream, disconnected from Russian realities. Liberals were depicted as compromisers, spouting noble sentiments but achieving petty deeds.

No concept was more rejected than the idea of gradual reform. Indeed, Western scholars, in gauging the failures of prerevolutionary liberal bureaucrats, *zemstvo* reformers (locally and provincially elected assemblies created by the tsarist government) and Constitutional Democrats, have emphasized the disjunction between backward Russia and the liberals' advocacy of individual freedom within a civic society. For prerevolutionary liberals, the emancipation of the individual and society from the oppression of an autocratic state could come only through a state under law. But how to create such a state in a multinational empire proved an unsolvable dilemma. For Zhirinovsky, statism is a key ingredient, but unlike the historical liberals and more like Lenin's Bolsheviks in 1917, his LDP is ready to take state power into its own hands.

STATE AND EMPIRE

FOR ZHIRINOVSKY, the idea of a strong Russified state is not antithetical to empire. Rather, it is the preferred tool for recreating the Russian imperial reality of old. Thus, he starkly rejects the 75-year-

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old Soviet totalitarian experiment based on federalism in form and empire in content.

In his memoirs, Zhirinovsky speaks of going "forward bravely toward a European model of society: a free economy, the rights of the individual in first place, a civic society." But he would pursue such an objective through a revolution from above, wrought by a state that is centralized, authoritarian and expansionist. He has only contempt for the doctrine of separation of powers: "What is needed is a strict, centralized authority, otherwise no reforms will be achieved. There must be one state, one president. But without a centralized economy." Finally, there must be no challenges to Russian sovereignty and authority. For Zhirinovsky, Russia is the empire. "For us the main [point] is the territory of our state. Return to us the historical borders and name of the state—we only want that!" He has no time for federalism and expects "small nations" to accept their fate.

While declaring that he is not a chauvinist, Zhirinovsky speaks of a state run only for Russians and tells other nationalities who do not like it to leave. An ethnically pure Russian state is his answer to the threat of anarchy. In place of the existing federal system, which safeguards the rights of national minorities, Zhirinovsky has proposed a return to a provincial system of local government, where the provinces, as in tsarist times, are controlled by the central government through the Ministry of Internal Affairs. Zhirinovsky posits that the Russian empire is not a luxury but a means of national survival. Of current conditions in the federation and adjacent new states, he writes, "Russians everywhere become a national minority, gradually being destroyed. This will be the slow murder of the Russian nation. Because nowhere is there purely Russian territory, nowhere. . . . If we follow such a path, then the Russian nation will die."

Zhirinovsky speaks of restoring Russia to the imperial frontiers of 1900, when Russia included parts of contemporary Poland and Finland. He warns that denying Russia its historical borders will only lead to war. Thus the mere acceptance of the dissolution of the Soviet Union into sovereign successor states is an act of treason. The Liberal Democratic Party rejects the creation of the Commonwealth of Independent States as an "illegal, anti-constitutional act." Party ideo-

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logues refer to the commonwealth as consisting of "the countries of beggars and the hungry" and "a public toilet."

While he speaks of restoring Russia's historical frontiers, Zhirinovsky has also called upon Russia to expand southward. Zhirinovsky has associated this final spurt to the south with a "final division of the world." This geopolitical coup is to be done as "shock therapy, suddenly, rapidly and effectively," and will end with Russia and India sharing a common border. This would bring order from Kabul to Istanbul, eliminate the "red, Muslim, Turkic and Islamic threats," and remove the threat of a third world war.

> The final 'thrust' to the south: As I dream of it, Russian soldiers will wash their boots in the warm waters of the Indian Ocean and forever change to summer uniforms. . . . We must pacify that region forever.[1]

Rejecting communist federalism as "a pretty Bolshevik myth," Zhirinovsky's supporters oppose the idea of a territorial state in which citizenship is a function of residence. They reject a multinational Russian Federation in favor of a centralized Russia of one nationality, Russian, sharing one culture and language. In short, they reject a civic state in favor of an ethnic state. According to Zhirinovsky, non-Russians would be Russified and the Orthodox religion given a "dominant position."

> The new Russia is a state under law, an enlightened state. This is a powerful presidential regime, a powerful, multiparty parliament. This is legislation, which is for the ages, which we won't have to change every ten years. This is a constitution, which respects everyone from infant to elder. This is a unified symbol throughout the entire country—the black, yellow, white flag, the state flag of Russia. It must wave over all state institutions in every region of our huge Fatherland. This is the country's anthem, one anthem. This is the state language, the language of interethnic communication, Russian. This is a single monetary unit—the ruble.[2]

Zhirinovsky's LDP ideologues understand the force of such ideas in the struggle for power and note the weakness of their communist and democratic opponents in trying to enlist Russian nationalists. Those democrats who were responsible for establishing the commonwealth

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[1] Vladimir Zhirinovsky, *Poslednii brosok na yug*, Moscow: LDP, 1993, p. 64.
[2] Zhirinovsky, *Poslednii brosok na yug*, p. 113.

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and the ensuing reforms, according to the LDP's ideologues, embraced radical reform and revolution in the interests of their master, the United States. Thus Gaidar, the architect of "shock therapy," and his supporters are labeled "false democrats." With its notion of a national bourgeoisie in the service of foreign capital, Zhirinovsky's use of the term is a throwback to Marxist criticism but from a nationalist perspective. Thus, the struggle for power in Russia is depicted as being among corrupt party apparatchiks, corrupt democrats in the service of foreign capital, the domestic mafia and the noble liberal elite, led by the LDP. Under these circumstances a multiparty system is an excess. In its place, for the transition period, there would be strict centralization under the LDP to resolve economic problems.

STATE CAPITALISM TO THE RESCUE

THE ECONOMIC PROGRAM of the Liberal Democratic Party could be described as a return to state capitalism under the banner of a highly efficient, socially oriented economy that would embrace privatization and even private property. But it is a program designed to protect the state structure and promote stability. State-directed "industrialization" under Peter the Great, tsarist reformers after the Crimean War and Stalin serve as the models for building a national economy and catching up with the West. This position, which owes more to Friedrich List than Karl Marx, rejects shock therapy in favor of state-directed development in order for Russia to avoid becoming an economic colony within the world market—supplier of raw materials and importer of industrial goods.[3] One model for such a course is imperial Japan, where the state directed the gradual transformation of the country into an industrial superpower. This has led S. F. Dergunov, one of the LDP's key ideologues, to posit the following thesis regarding Russia's economic transformation: the transitional economy must operate on the basis of state programs that create competitive sectors, modern infrastructure and the structural trans-

[3] Friedrich List was a nineteenth-century German advocate of state-directed economic development. His ideas strongly influenced Sergei Witte, minister of finance under Alexander III and Nicholas II, in his drive to industrialize tsarist Russia.

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formation of the economy. Moreover, "an obligatory element of these programs is a plan for gradual organized curtailment and transfer of state property into market structures."[4]

For Dergunov, there are two key reasons why this program of state capitalism would work. First, it is true to national traditions: "For our country state programs are natural." Second, it would require minimal retraining for the industrial managers of the communist era. The model of state capitalism invoked here assumes "tough mobilization methods" like those used in the relocation of industry in 1941. In this manner the LDP's program combines the supposed benefits of communist enterprise managers working under state direction with personal enrichment through state-directed privatization. The program promises to take privatization out of the hands of bureaucrats and put it into the hands of citizens. It calls for a three-year process that converts most enterprises into "self-financing" ventures, a leasing arrangement with funds used to cover social programs, and financing for the privatization fund run by the Russian State Bank. In the first year, resources would be divided evenly between the three efforts. After that, more would go to the privatization fund to finance state privatization certificates on which an annual dividend would be paid. The ownership of such certificates would be confined to Russian citizens and Russians living abroad in order to avoid the injustice of "foreign or shady capital" buying up enterprises cheaply.

Zhirinovsky has concluded that Nazi ideology does not contain anything negative in itself.

Playing on the economic chaos created by hyperinflation, the LDP blames declining production and the collapse of many enterprises on the Yeltsin government's "slavish" behavior in the face of the demands of the World Bank and the International Monetary Fund. The LDP's program calls for a state-regulated program to stimulate production by gradually converting the monetary system to a "noncash, convertible ruble" that would exchange at one ruble to one dollar. This would be achieved by restoring state control over trading in foreign curren-

[4] S. F. Dergunov, "Ekonomika perekhodnogo perioda," *Liberal*, No. 2, 1992.

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cies via the state bank, which would control the buying and selling of noncash, convertible rubles and would effectively restore state control over exports and imports.

Nowhere is Zhirinovsky's reliance on a particularly Russian version of state capitalism more evident than on the issues of land ownership and the peasant question. Stability and order are viewed as paramount, and their genesis lies in the link between Russian national consciousness and the village. Russians are, in this view, a colonizing people, and their forms of landholding, especially the commune, are ways to preserve order and prevent the emergence of a rural proletariat. It is not an argument about economic rationality or efficiency, but a social policy of stabilization, reflecting the interests of the collective and state farm managers. Thus the interests of the industrial and agricultural managerial elite are served in Zhirinovsky's state capitalism.

The LDP views capital as objectively "antinational" and will use state control to limit such tendencies by controlling investments and profits. This system of political economy would seek to exclude the possibility of foreign trade "tricks" stemming from the difference between internal and world prices. In short, this would be a state dedicated to national self-sufficiency of a statist and militarized nature: "Of course, all enterprises necessary for the functioning of the state structures must be state property. For example, defense industry enterprises, railroads, major enterprises under the control of republics."[5] This position, of course, rejects the economic reforms of Yeltsin's democrats, which the LDP blames for bringing inflation, unemployment, poverty, chaos and disorder. By rejecting communism and democratic reform and using them as scapegoats, the LDP ideologues have positioned themselves as saviors with no responsibility for past failures or current problems.

[5] Igor Minin, "Teoreticheskie osnovy natsional-sotsializma," *Sokol Zhirinovskogo*, No. 2, 1992, p. 12.

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HITLER RECONSIDERED

ALONG WITH SMALL bands of overt Russian fascists, such as A. P. Barkashov and the Russian National Unity movement, Zhirinovsky takes a revisionist view of Adolf Hitler and national socialism. While noting that some of Hitler's "extreme" measures did harm Germans, Zhirinovsky concludes that "in general, his ideology does not contain anything negative in itself." Ideologues of the Liberal Democratic Party have gone further in claiming ties to Nazi Germany and Hitler. LDP theorist Igor Minin has said that national socialists form the "third force" in Russian politics between communists and democrats, both of which have discredited themselves by their hostility to the national idea. "The true carrier of the ideals of national socialism is the national-patriotic movement," of which the Liberal Democratic Party will assume leadership. In this fashion Zhirinovsky's party intends to co-opt and militarize the Russian right. The national-patriotic movement will require its own paramilitary formations, called the *druzhina* (guard) and organized into "agitation and propaganda groups" and "protection-assault groups" for street operations during electoral campaigns. These groups are to be organized by district, block and factory and be composed of "10 to 15 persons, including one or two experienced activists and several military."

Anti-Semitism is an organizing tool for Zhirinovsky as it was for Hitler. At home it results in the LDP's persistent caricature of former Finance Minister Gaidar as Yeltsin's "ideological Jew." Gaidar the democrat became Gaidar the thief, the court Jew, using his position for personal gain. Abroad, the LDP seeks to build connections through an international anti-Semitic alliance. The chief source of anti-national forces is Zionism. Minin has asserted that "Zionism has as its final goal the establishment of the economic and political supremacy of Jewry in all the leading countries of the world and is a direct result of the basic features of the national character of the Jewish people." The LDP claims that it will practice a "humane" policy toward Jews and confine its version of the final solution to Zionists. Viewing the governments of the United States, France and Great Britain as tools of international Zionism, the LDP ideologues want to

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reduce contact with those governments. They would also accelerate the emigration of Jews from Russia and reduce the influence of Jews in the mass media by imposing proportional representation on such positions. They view proportional representation as the vehicle for maintaining Russian hegemony in a centralized, multiethnic state.

In seeking to create an alliance motivated by anti-Zionism, the LDP ideologues look to capitalist countries that have retained a government with a "national," as opposed to cosmopolitan, character. Not surprisingly, this leads to a rather ahistorical interpretation of contemporary German and Japanese societies and a search for nationalist allies in those societies. Minim writes:

> We are speaking first of all about Japan and Germany. Everyone knows the patriotism and faithfulness to national values of the Japanese people. The Japanese government maximally, to that degree allowed by capitalism, has used the features of Japanese national character and in its turn has adapted to them as much as possible. Now it feeds off the fruits of its correct strategy.
>
> Germany has had a difficult fate. It is located in the very center of Europe and that means in the very epicenter of subjective antinationalist forces and, as a consequence, 150 years of its history have taken place under the influence of the continual struggle of the German nation against these influences. We will not discuss the details of this struggle or the mistakes made by the Germans. What is important is that this struggle did not end with the unification of the German states but entered a new phase.
>
> National socialism supports the maximum widening of cooperation with the most nationalist governments, in particular Japan and Germany. Only this cooperation can bring good to our nation and help in the matter of constructing a national government.[6]

In short, the foreign policy objectives of Zhirinovsky's movement can only be achieved by overthrowing the existing world order and undermining the position of the United States. In December, at the end of the electoral campaign, Zhirinovsky penned and then signed his own map of a new Europe and gave it to Rolf Gauffin, the former

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[6] Minin, "Teoreticheskie osnovy natsional-sotsializma." German radical right parties share this view of the world. Gerhard Frey of the German People's Union attended the Third Congress of the LDP and is quoted in the LDP newspaper, *Liberal*, as speaking with admiration of the LDP's program and saying that his organization "stands opposed to America's supremacy in the world and seeks that Russia should be powerful and occupy a deserved place in the world."

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Swedish ambassador to Russia. The map shows two great powers dominating Central and Eastern Europe. The first is a revived Russian empire that reincorporates Ukraine and Belarus. The second is a *Grossdeutschland* that includes Austria, Bohemia-Moravia and Poland's western territories. Poland would be compensated by getting the Lvov region back from Ukraine. Slovakia would go to Russia. Russia would give up Kaliningrad to Germany and be compensated by getting back the Baltic states, except for Tallinn, which would be turned into a city-state "like Luxembourg or Lichtenstein." Lithuania would disappear and be replaced by a special zone around Kaunas, its capital during the interwar years. Yugoslavia would be partitioned between Croats and Serbs. Zhirinovsky would sanction the creation of a "Greater Bulgaria," which would include Macedonia and Thrace. Romania, it would appear, is to gain at Moldova's expense.

Race figures prominently in LDP foreign policy. LDP ideologues speak of the yellowing, reddening and blackening of the world's population and even use the metaphor of a white Fay Wray in the hands of King Kong to describe the threat facing the white race. To avoid such a fate and preserve the white race's civilization, "which gives more than it receives," the LDP would challenge the dominant cosmopolitan order represented by the United States. In its place, the LDP wants an international order of "parallel civilizations," the development of each being directed by a dominant regional power.

Zhirinovsky predicts the United States will collapse because of the internal contradictions stemming from its cosmopolitan character. This crisis will force a weak and divided America to give up its leading role in defending the current world order and lead it to adopt its own version of the final thrust to the south, bringing Latin America under its authority.

THE ARMY TO THE RESCUE

ZHIRINOVSKY VIEWS the army as a potential ally in restoring order if it can be won over to the LDP. "I see such a Russia: she will have the most powerful army in the world, strategic rocket forces, our missiles with multiple warheads. Our space combat platforms, our spaceship *Buran*

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and our *Energiya* missiles—this will be the missile shield of the country."

Zhirinovsky's approach to winning over the army is to mobilize the nation around a shared image of a "foreign enemy." For all practical purposes the enemies are the United States as a power and Zionism as an ideology. He is holding out future glories to the army through which it will be reborn. At the LDP's Third Congress, many speakers addressed the military and its fate. The LDP set out to use the politicization of the military to its own ends, seeking to discredit the government and the current military leadership. It played on the loss of prestige felt by the officer corps. K. N. Popov, a spokesman for the military in the LDP, talked about the collapse of discipline, tanks rusting in Siberia, warships that were not seaworthy and planes that could not fly. He criticized the current military commanders as mere businessmen. The only hope, he argued, was to spread the party's ideas among the "mid-level officer corps, where many are sympathetic to our ideas." The party's propagandists were instructed to take their message into the barracks and academies to gain support against a compromised military leadership. The implications of this position were made clear in another speech, when a naval officer spoke of the party's efforts to organize its own detachments within the armed forces.

In the election campaign for parliament the LDP, more than any other party, recruited candidates from the military—a total of ten candidates were listed as military servicemen or members of the Ministry of Internal Affairs. While some other parties recruited star candidates from among the established military leadership, the LDP chose mid-level officers, the strata that the LDP had identified as the military's center of gravity.

The LDP's efforts in the military paid off in the December elections for parliament. President Yeltsin attributed one-third of the vote within the military to the LDP. At a press conference he said, "We are worried about this and appropriate measures have been taken." These measures included a shake-up of the military leadership. The significance of these developments for Russian political stability should not be underestimated. Zhirinovsky and the LDP have penetrated the army from below to mount a challenge to the president's authority as commander in chief.

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THE CHARISMA FACTOR

WHILE THE IDEOLOGY and program of the Liberal Democratic Party are important guides to the popular appeal and intentions of the LDP, Zhirinovsky as a leader and symbol has much to do with the movement's success. There is no shortage of radical Red-Brown opponents to Yeltsin, but Zhirinovsky has been able to steal their thunder and emerge as the undisputed voice of the opposition. He cultivates the clown image to attract media attention, which he skillfully uses to his own ends. In an age of sound bites and shallow coverage, he is a powerful orator who speaks simply and persuasively to his constituency.

Zhirinovsky's propagandists present him as a man of the people, who understands their suffering and longing. As a Russian in Kazakhstan he found his path blocked by what he called "colonialism in reverse," so he had to develop his skills as a fighter and expend his energy in the process of entering into the political arena. He is depicted as the continual victim of distorted press reports: unfounded charges that he is a fascist, communist, drug abuser or KGB spy. Reading this propaganda, one is struck by the utter naïveté of these representations and by his calculated image as a cult figure, whose power and appeal are vested in the masses themselves, who see in him the embodiment of their collective experience.

The difficulty of containing threats such as those posed by Zhirinovsky has been poignantly captured by the Polish writer Adam Michnik:

> Today Russia stands before a dramatic dilemma, to which no one has yet given a reasonable answer. What is better: Disrupt the rules of democracy and chase out the totalitarian parties while they are still sufficiently weak? Or respect the democratic order and open to these parties the road to power?[7]

Russia, burdened with a young, weak democracy and staggering economic and social problems, does not have the capacity to resolve Michnik's "dramatic dilemma" alone. Nor does it stand alone as a potential victim of the Zhirinovsky threat.

[7] Adam Michnik, "Iyubov moya," *Izvestiia,* Jan. 24, 1994.

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In Defense of Liberal Nationalism

Michael Lind

THE WORLD'S MOST POWERFUL FORCE

THE SIMPLE IDEA that every nation should have its own state—accompanied by the corollary that one ethnic or cultural group should not collectively rule over another—has been the most powerful political force of the past two hundred years. While particular nationalisms vary, this basic nationalist conception of an ideal world order has been remarkably unchanged for well over a century. "The world should be split into as many states as humanity is divided into nations," the Swiss international lawyer Johann Caspar Bluntschli wrote in 1870. "Each nation a state, each state a national being." When he wrote, nationalism as a considered doctrine, with its roots in the thought of Rousseau, Herder, Fichte and Mazzini, was already generations old. National sentiments, of course, long predated the doctrine, despite recent attempts to claim that national feelings are purely modern fabrications.

The nationalist ideal has survived one universalist assault after another: the Concert of Europe, which Metternich saw as a way of repressing anti-dynastic nationalism and republicanism; Hitler's supranational racist imperialism; the doomed Soviet effort to replace national loyalties with commitment to socialist universalism. Even the failure of the European Community to become a genuine federal

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state was foreseeable long before the troubles afflicting the Maastricht treaty and the crisis of the European Monetary System. It seems unlikely that liberal universalism will succeed where illiberal universalisms failed, in attempting to transfer loyalties from nations to supranational entities.

Despite all the evidence of the enduring power of nationalist sentiment, many statesmen, scholars and opinion leaders continue to treat nationalism as an anachronistic or dangerous relic of a previous age. Translated into policy, this prejudice against national self-determination usually means supporting the efforts of regimes to suppress secessionist movements by national minorities. The widespread conviction that nationalist secession is in itself dangerous and regressive helps explain the vehemence with which many observers blamed Germany for its allegedly premature recognition of Slovenia, Croatia and Bosnia, and the criticism directed at the United States for allegedly engineering the independence of Eritrea.

This prejudice against nationalism—even liberal, democratic, constitutional nationalism—is a mistake. Reflexive support for multinational political entities, especially despotic ones, is as misguided as the automatic rejection of movements that seek the sovereignty of national homelands. For practical strategic reasons, as well as reasons of principle, the United States should identify itself with the most powerful idea in the contemporary world.

THE GREAT ILLUSION

HAVING SURVIVED so many setbacks since the wars of the French Revolution, will nationalism now end up in the dustbin of history along with its defeated universalist rivals? Scholars and writers (mostly social democrats and classical liberals, but also a few realists, such as E. H. Carr and James Burnham) have been predicting the imminent obsolescence of the nation state for most of the twentieth century. In most cases, they have rested their argument on the economies of scale made possible by advances in technology—the transoceanic cable of yesterday, the computerized stock exchange and satellite television of today.

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But this "interdependence" school, like Marxism, is based on a contradiction. It is simultaneously deterministic and prescriptive. If the world is inevitably growing more interdependent, then there is no reason to oppose particular nationalisms that are doomed in the long run anyway. Why oppose what is bound to wither away? On the other hand, if effort is needed to promote transnational integration, then clearly such integration is not preordained.

The mistake of prophets of a postnationalist world has been to leave out moral and political economies of scale. As a purely technical matter, it has probably been possible since Genghis Khan—certainly since Napoleon—for the earth to be governed from a single capital. That all attempts at world conquest have failed has nothing to do with technology and everything to do with the determination of diverse peoples not to be ruled by the conquering nation of the day. This is true of the latest attempt at world hegemony as well. Superior technology made it possible for the Western alliance to outinnovate and outproduce the Soviet bloc, but it was American, German and Japanese desires to protect national autonomy that kept those countries in a four-decade alliance. Why nations that will fight to the death to prevent surrendering their sovereignty to a conqueror would voluntarily surrender it to a supranational bureaucracy or a global elite of financiers and industrialists is a mystery that interdependence theorists have yet to explain.

THE 'STABILITARIANS'

A SOMEWHAT MORE plausible case against nationalism is made by "stabilitarians," or defenders of the present-day territorial status quo. The harmful effects of alteration of existing borders—even peaceful alteration—would, it is thought, outweigh the benefits. Every viewpoint has an address, of course. A national leader will view stability differently, depending on whether he thinks of his state as a status quo or a revisionist power. The belief of the Bush administration that the United States was a status quo power explains its efforts to keep both the Soviet empire and the Yugoslav federation intact.

While the breakup of a multinational state may create a regional

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power vacuum or a new balance-of-power pattern among its successor states, these results may be strategically desirable for some countries. Britain, for example, sought the independence of the Low Countries, the Hapsburgs the fragmentation of Italy, and successive Chinese empires the disunity of the nomads in the Tarim Basin. A state may easily conclude that a power vacuum in a particular region is preferable to a rival power center. Given the threat the Soviet Union posed to the United States (and the threat its predecessor, the Romanov empire, posed to Great Britain) it is by no means clear that a consolidated entity on the territory of the Soviet Union is preferable to a balance-of-power system of rival successor states.

Assertions that secession will produce runaway disintegration should be treated with skepticism.

Assertions that successful secession by one or a few nations will produce runaway disintegration, thanks to the demonstration effect, deserve to be greeted with the same skepticism that should be directed at other straight-line extrapolations. The domino theory of nationalist disintegration is no more persuasive than similar domino theories. Secessionist activity tends to come in limited bursts: decolonization, the disintegration of the Soviet bloc and empire.

The potential for global disorder inherent in a world community with more states than exist at present is easy to exaggerate. To begin with, the number of possible new nation states is in the dozens, not in the hundreds or thousands. While there are thousands of ethnic nations in the world, there are at most only dozens of national groups numerous, unified and compact enough conceivably to serve as the nuclei of sovereign nation states. The impossibility of basing nation states on tiny minorities like Sorbs or Wends in Germany or the Amish in the United States in no way discredits the potential for statehood of the Kurds or the Ibo or the Tibetans.

Even if the number of nation states were to increase by a dozen or two in the next few decades, through the peaceful or violent partition of several multinational countries, the very inequality of power among states would prevent too great a degree of disorder. A world of 200 or 250 effectively equal states would indeed be unmanageable, but not a

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world of the same number of nominally independent states, in which real power inheres in a handful of great powers, blocs and alliances. The breakup of nineteenth- and twentieth-century empires has produced, to date, almost two hundred states—well short of the 300 independent political units that existed in early-modern Germany, or the 500 that Charles Tilly has identified in the Europe of 1500. If the world survived the rapid expansion of the number of U.N. member states from 52 in 1946 to 183 today, surely it can survive a more incremental expansion by a dozen or two more.

Would the replacement of some of today's multinational states by new nation states lead to an increase in interstate war? History since the great wave of postwar decolonization in Africa and Asia gives some cause for reassurance in this regard. While many postcolonial states have been riven by ethnic conflict (reflecting the fact that they themselves are often ethnically heterogeneous), major interstate wars have been relatively infrequent.

Although prophets must be careful, it is possible that there would be less interstate conflict in a world of relatively homogeneous nation states than there is intrastate conflict between ethnic groups in multinational states. There are powerful incentives against engaging in cross-border war, whereas the penalties against a dominant ethnic group crushing others in the state it controls are very weak indeed.

Opponents of secessionist nationalism frequently argue that larger minorities, once they gain independence, may in turn oppress smaller minorities in the new national territory. The Quebecers, if independent, might be more inclined to oppress American Indians in Quebec. (The Balkan war is not terribly relevant, inasmuch as Slovenes, Croats and Yugoslav Muslims seceded in the first place to escape oppression in a multinational federation dominated by Serbs.)

Without condoning any injustice, the fact that a secessionist nation engages in oppressive behavior does not mean its complaints about its own oppression at the hands of a central government or dominant imperial ethnic group are not legitimate. Even criminals may be victims of crime. Inevitably, the replacement of a multinational empire or federation by a group of nation states will leave minorities that are too small or too dispersed without states of their own. This, in itself, is no

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argument for holding the multinational structure together, unless the multinational elite is significantly more virtuous than the successor national elites, which is rarely the case.

The relatively bloodless dissolution of the Soviet Union into its constituent republics, the separation of the Czech and Slovak republics, the accession of East Germany and, earlier, the Saarland to the German Federal Republic, as well as a number of cases of post-colonial independence, prove that national self-determination need not be accompanied by violence. Those concerned that national self-determination will lead to violence should support the strengthening of peaceful constitutional and diplomatic procedures for increasing the congruence of borders and nations, rather than support the status quo at all costs.

SMALL IS VIABLE

IS THERE A LOWER limit to the size of a viable nation state, imposed by the needs of defense or economics or minimum international order? If the viability of a state is defined as its military invulnerability in the absence of allies and economic autarky, then the only viable states would be isolationist, continental superpowers (rather like the Eastasia, Eurasia and Oceania of Orwell's *1984*).

As long as states are willing to cooperate in security alliances and engage in mutually beneficial trade, there is no reason why a small state like Portugal or Croatia should not be as viable as a great power like the United States. In an integrated North American market, an independent Quebec might prosper, even while preserving its distinctive French-American identity (though the transition might be painful). Indeed, smaller states may have advantages over the populous when it comes to economic progress (contrast Singapore and Hong Kong with China). Instead of specializing in one or a few crops, like states in a federation or provinces in an empire, an independent nation can take steps to diversify its economy as a buffer against market shocks. A sovereign state can also have a certain amount of leverage in both economic and military diplomacy—an advantage denied to a region subordinated to a single capital.

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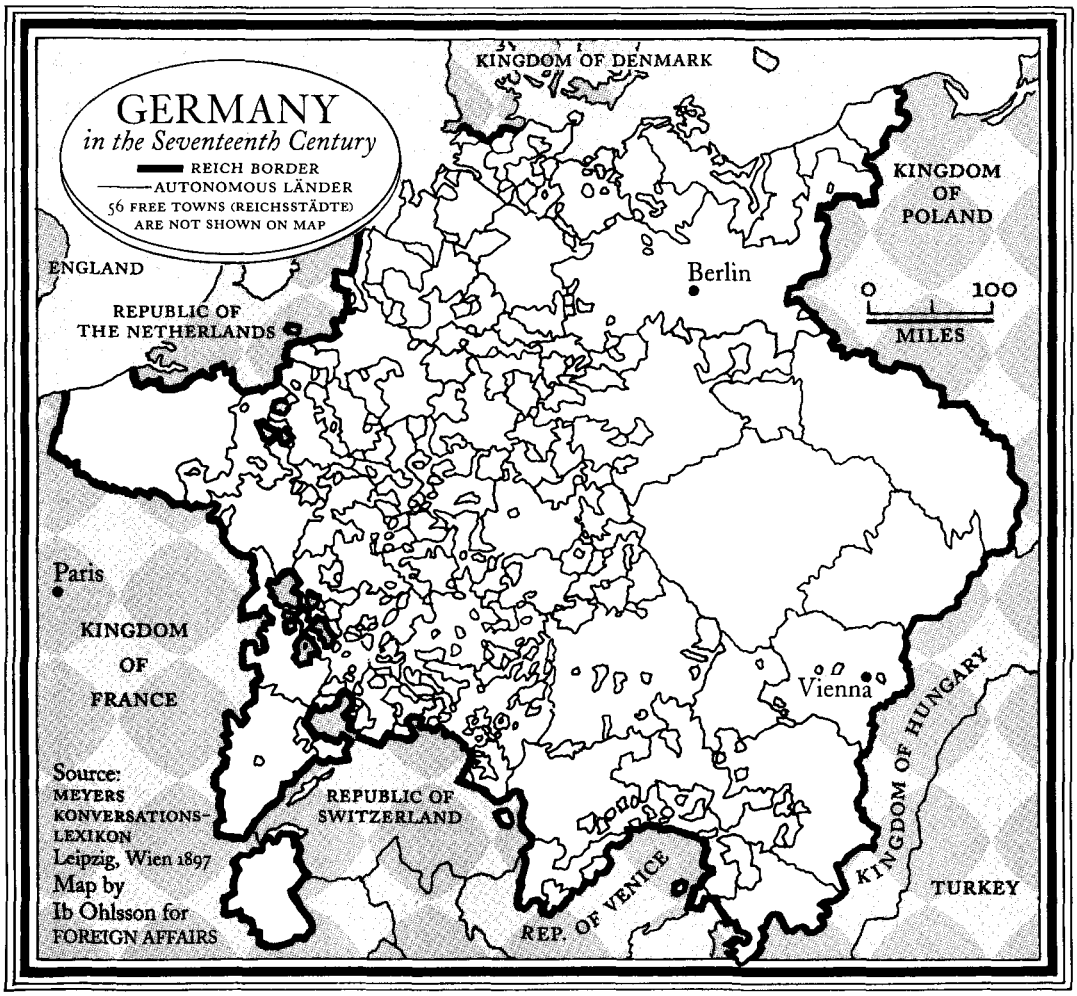

A world of many nations has existed before

It might be thought that the costs of defense for a small nation state would be prohibitive. In fact, experience shows that small nation states do not spend more on defense as a share of GDP than do large countries. Indeed, during the Cold War the United States spent proportionately more on defense than its medium-sized allies like Germany and Japan, or small allies like Denmark and Portugal. A small state can act as a free rider, taking advantage of a powerful neighbor's interest in defending not only itself but its region. Of course such a neighbor may be a threat as well as an ally—but this is a risk that might be worth taking. After all, Kurds would be safer from Baghdad even in a weak

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Kurdish nation state than they can ever be as part of Iraq.

At any rate, an argument for the benefits of scale is an argument against small states of any kind—against small multinational states, like Switzerland, as much as small nation states like Slovenia. It is not in itself an argument against making nationality the basis of statehood wherever substantial geographical concentrations of linguistically and culturally similar people exist.

LIBERAL VS. ILLIBERAL NATIONALISM

SUPPORT IN SOME circumstances for national self-determination need not mean support for nationalism in its tyrannical or imperial manifestations. It is important to draw a distinction between liberal and illiberal nationalism. Liberal nationalists tend to favor a linguistic-cultural definition of nationality and a liberal-constitutional (though not necessarily democratic) organization of the state. Illiberal nationalists (who might more accurately be described as nativists, to employ a term that originated in American politics) favor a religious or genetic definition of nationality, as in Iran or Serbia, and usually (though not always) an authoritarian-populist constitution. It is as great a mistake to confuse liberal nationalism with illiberal nativism as it is to identify social democracy with Leninist communism. Illiberal nationalism is often responsible for terrible atrocities, as the carnage in Bosnia has shown. The problem, however, is with illiberalism and militarism, not with nationalism as such.

Liberal nationalism holds that, far from being a threat to democracy, nationalism—the correspondence of cultural nation and state—is a necessary, though not sufficient, condition for democracy in most places today. Modern democracy presupposes a degree of extra-political community. The linguistic-cultural nation is today generally accepted as the basis for the political community because it is the largest particular community that can still command sentimental loyalty and the smallest comprehensive community that still has features of universality, combining all ages and classes. The nation is a small humanity and a large association. "Few will burn with ardent love for the entire human species," Tocqueville observed. "The interests of the

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human race are better served by giving every man a particular fatherland than by trying to inflame his passions for the whole of humanity."

Some claim that national loyalty is irrational and atavistic, compared to "rational" patriotism or allegiance to a state that is not identified with any predominant linguistic or cultural group. There is nothing at all "irrational," however, about making the suprafamilial community with which one identifies the cultural nation, rather than the territorial state in the abstract. Quite apart from the psychological reasons, there are practical reasons. In most of the world, nations are considerably older than states. One is usually born into a cultural nation for life, but the state to which one owes allegiance may alter its borders, change its constitution, change its name, even cease to exist through conquest or merger. National communities, while by no means immortal themselves, tend to be more stable and long-lived. This being the case, to identify primarily, not with a historic linguistic-cultural nation, but with a possibly transient government or a paper constitution, would be the height of irrationality.

MULTINATIONAL DEMOCRACY IS NEITHER

THE EVIDENCE THAT democracy almost never works in societies that are highly divided along linguistic and cultural lines is overwhelming. Examples of multinational countries that have failed are numerous: Cyprus, Lebanon, Sri Lanka, Sudan, the Soviet Union, Yugoslavia, Czechoslovakia (India increasingly looks like another failure). Nevertheless, many persist in arguing that multinational democracy not only is possible but represents the wave of the future. Multinational despotisms, they argue, should not be partitioned into nation states that (in some cases) may become democracies. Rather, they should be transformed from multinational despotisms into multinational democracies.

As examples of successful multinational federations, proponents of multinational democracy usually point to three countries with elaborate ethnic power-sharing arrangements: Switzerland, Belgium and Canada. The very fact that only three successes can be found, out of dozens of multinational states, in itself suggests the difficulty of get-

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ting linguistically and culturally distinct nations to cohabit peacefully under a common democratic constitution. In reality, these three examples hurt the multinationalist case more than they help it. Switzerland, for example, is better described as a confederation of relatively homogeneous territorial nation states (the cantons) than as a truly multiethnic society. Belgium is a society deeply troubled by its linguistic and political divisions, and Canada recently almost came apart over the Quebec question. The two "founding nations" of Canada may yet go their separate ways, like the Czechs and Slovaks did.

The evidence is overwhelming that democracy does not work in societies divided along linguistic and cultural lines.

The fact that Switzerland and Belgium are small countries (and Canada a huge country with a small population) tends to contradict another argument made in favor of holding multinational entities together: the argument that more populous states benefit from economies of scale. While there are economic and military returns to scale, these may be neutralized if they are accompanied by the costs of increased ethnic diversity accompanied by ethnic conflict. All other things being equal, a large homogeneous nation state may well be preferable to a small homogeneous nation state. But a small nation state may be better off, in terms of prosperity and governability if not necessarily defense, than a gigantic state riven by ethnic and linguistic conflicts.

Those who call on nondemocratic multinational states to adopt Swiss- or Canadian-type power-sharing arrangements as an alternative to partition seldom describe the policy to be pursued if their constitutional panaceas fail (as they have in most cases). If elaborate power-sharing schemes are rejected, or tried and found not to work, is partition or secession then in order, as a second-best option? Or should multinational states like Iraq that cannot be held together by democratic and federal means be held together by force and terror?

Those who seek to promote democracy and at the same time to preserve multinational entities intact will discover that in many cases these goals cannot be reconciled. A world of liberal nationalist states, including many that are nondemocratic, is much more likely to

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develop into a world of democracies, as Franco's Spain would attest. For this reason, proponents of democratization are justified in encouraging liberal nationalism even where democracy is not yet possible. This might be the case, for instance, in Algeria or Egypt. Conversely, it may be a waste of time to try to hold together and democratize a multinational state, even a relatively liberal one, where a common national identity is lacking. This might be the case in the future in South Africa. Instead, it often makes more sense to promote liberal and constitutional nationalism, with or without electoral democracy. First comes the nation state, then a liberal constitution reinforced by a liberal political culture, and only then, if at all, democracy. For many, living as the citizen of a liberal but nondemocratic nation state is preferable to being the subject of an illiberal multinational despotism that can only be held together by force.

NO LONGER A LAST RESORT

To SUBSTITUTE INDISCRIMINATE support for national self-determination for reflexive defense of the territorial status quo around the world would be a mistake. Rather than strict principles, a few rules of thumb are in order. To begin with, the United States should refrain from making gratuitous statements in favor of state unity, like President Bush's lamentable "Chicken Kiev" speech. Even if American policy is to favor state unity in a particular case, the United States might lose some of its leverage if this preference is too obvious. Even worse, the United States may appear to license vicious repression, as the Bush administration's statements in favor of Yugoslav unity may have convinced Serb nationalists that they would not be penalized seriously for attacking Slovenia and Croatia.

In civil wars where ethnic or cultural differences are at issue, partition should no longer be considered the last resort. It might sometimes be wise to stress national self-determination above free elections, during the terminal crisis of a state that is both multinational and undemocratic. Oppressed nations seeking to escape from a multinational empire should not be told that they will be free to vote on everything except their independence. Since democracy and liberal

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constitutionalism work best in relatively homogeneous nation states, in most of the world democratic constitution-writing should follow national independence, not be promoted as an alternative to it. Indeed, it is not only futile but insulting for policymakers and academics in Western capitals and campuses to design democratic federal constitutions like the Vance-Owen plan for Bosnia and try to impose them on Kurds, Kosovars or Kashmiris as alternatives to national independence. Where a multiethnic federation has utterly collapsed, it may be better to create two or more new, relatively homogeneous nation states than to try to piece the wreckage together with ingenious but unworkable power-sharing schemes.

The corollary of support for national self-determination in the form of secession is support for the enlargement of nation states through peaceful and democratic accession or annexation, like the unification of Germany. The United States enlarged itself in this manner as recently as 1958 (with the statehood of Alaska and Hawaii); President Bush called for statehood for Puerto Rico. If east Germany can join west Germany, by what reasoning can the 90 percent majority of ethnic Albanians in Kosovo be denied accession to Albania, if they choose and can make their choice effective? How can compact populations of Bosnian Croats be forbidden by the international community from voluntarily merging with Croatia (the very international borders of which are recent and fluid)? States should be allowed not only to shrink but to expand, so long as the expansion is undertaken peacefully and with the consent of majorities (or perhaps supermajorities) of those affected. The difficulties attending European unification suggest that we need not fear the creation of possibly overpowerful bureaucratic superstates like the Third Reich and the Soviet Union through purely voluntary mergers.

The United States may legitimately refuse to support nationalist movements that define the nation in narrow racial or religious terms, rather than in inclusive linguistic and cultural terms, as well as movements that threaten minorities with persecution or genocide. Also, as a condition of admitting new nation states to the international community, outsiders may legitimately insist that states protect the rights of association of individual members of cultural minorities, such as

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private religious or language instruction. It would be a mistake, however, for the international community to attempt to promulgate a general duty of states not only to tolerate but to subsidize and promote minority cultures. Such policies, whether undertaken as a result of international or purely domestic pressure, tend only to inflame majority resentment without accomplishing any important goals that cannot be achieved by less intrusive, more voluntary means.

The wave of disintegrative nationalism that ripped apart the former Soviet Union and the Yugoslav federation will not be the last. In all likelihood, the next few decades will see increasingly determined secessionist movements in the multiethnic successor states of the European empires: India, Pakistan, South Africa, Iraq, perhaps even the Russian federation. In such countries, as dominant elites, seeking new formulas for legitimacy to replace fading secular and socialist philosophies, make more concessions to the national and religious sentiments of ethnic majorities, minority nationalisms may grow more bitter and intense in response. The fact that in many, perhaps most, cases central authorities will prevail will not prevent secessionist nationalism from being a major source of terrorism and civil war in the 21st century. The United States does not need to become an exporter of secession. Washington should recognize, however, that in particular cases American values, as well as American interests, may be served by those who seek to break up multinational states rather than by those who seek to preserve them.

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Nations Without States

Gidon Gottlieb

SELF-DETERMINATION RECONSIDERED

IN THE TWENTIETH CENTURY, the great powers allocated territories and permitted the creation of new states on the basis of the Wilsonian principle of self-determination. They invoked ethnic principles for the equitable distribution of territories. The central element in this approach was the division of territories. Yet most of the national and ethnic conflicts that remain today cannot be settled by changing the boundaries of states to give each national community a state of its own.

States bent on extinguishing smoldering embers of ethnic strife without the traumatic surgery of secession must make it possible for restive nations to carry on their life free from alien rule. The principle of self-determination must be supplemented by a new scheme that is less territorial in character and more regional in scope. Such a "states-plus-nations" approach requires functional spaces and special functional zones across state boundaries, the creation of national home regimes in historical lands, the grant of a recognized status to national communities that have no state of their own, the design of unions between peoples—as distinct from territories—as well as an approach to issues of national identity and rights that differentiates

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between nationality and state citizenship. A states-plus-nations framework does not preclude territorial compromises; it widens the menu of options when territorial changes do not suffice or when they are altogether ruled out.

The map of the world in the twentieth century changed after every one of the three great conflicts, the two World Wars and the Cold War. Yet only on one occasion, at the end of the First World War, did the great powers make deliberate changes collectively. After the Second World War and the Cold War, the powers could do little to determine the shape of the peace. When World War II ended, they outlined at Yalta the Soviet Union's spheres of influence. When the Cold War drew to a close, they did little to direct the tide of the nationalist and ethnic forces that remade the map of Eurasia from Germany to Kazakhstan. The powers are now confronted once more with national questions that threaten the peace. A new framework is required where Woodrow Wilson's principles failed.

BEYOND THE TERRITORIAL APPROACH

IN THE ABSTRACT, a good case can be made for liberal nationalism and for the principle that every nation should have a state of its own. Homogeneous national entities may be more likely to evolve into peaceable democracies than states rent by harsh linguistic and cultural antagonisms. The peaceful breakup of repressive multinational entities might be desirable when the new states born of their demise are liberal in character. In practice, however, the revision of boundaries is likely to embroil entire regions in hideous strife similar to the Yugoslav war. Moreover, boundary changes offer no panacea to national communities scattered without geographical continuity across regions and empires.

In today's international order, the sharp divide between the status of statehood and all other forms of subordinate political organization elevates the value of territorial independence beyond what it might otherwise be. The emphasis on the formal equality of states contrasts with earlier, occasionally less violent phases of history when most rulers were subordinate in some way to popes, emperors or one of the

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other great sovereigns of the time.[1] Statehood has become the ultimate prize of nationalists; their banner is self-determination and their demands are territorial. There are no halfway houses between subordination and equality, between independence and autonomy. Yet there should be some intermediate status between politically subordinate autonomy and territorial sovereignty that can ease the relationship of nations without a state of their own to the remainder of the world community.

The tide of nationalism and ethnic passions is still rising in a wide arc from central Europe to the heart of Asia. Until the elections of last December, the intensity of Russian nationalism was obscured by the conflicts of small nations at war in the Balkans and the Caucasus. Nationalist fervor in the great powers is far from extinct; it is not the exclusive preserve of the smaller ethnicities. The substantial vote for Vladimir Zhirinovsky's ultranationalist party casts a shadow over Russia's frail democratic institutions and the safety of its neighbors. For years to come, ethnic strife will continue to loom large in Eastern Europe, the Balkans and the former Soviet Union. It could overwhelm efforts to bring these former communist lands into closer ties with the West. Sustained ethnic strife could mire these countries in a brutish culture of xenophobia, racism and hatreds incompatible with Western political civilization. In countries where democracy is not deeply rooted, nationalism is emerging as the new organizing principle for authoritarian rule, with somber implications for international peace.

The troublesome circumstances inflaming the passions of nationalities throughout the former realms of the tsars, the Ottomans and the Hapsburgs cannot be resolved by having diplomats trace lines on maps, or by negotiating complex legal regimes

[1] Machiavelli wrote that Germany, for instance, was "compartmentalized into the Swiss, into republics called free lands, into princes and emperor. And the reason that among so much diversity of ways of life wars are not born, or if they are born they do not last long, is the very insignia of the emperor; who though it happens that he may not have forces, nevertheless he has among them such reputation that he is a conciliator for them, and with his authority, interposing himself as a mediator, he at once extinguishes every discord." Cited in Sebastian de Grazia, *Machiavelli in Hell*, Princeton: Princeton University Press, 1989, p. 159.

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for protecting communities that lack a state of their own. Regimes based on the protection of minorities failed and fell into disrepute between the two world wars. No boundaries could be traced to create homogeneous nation states; national communities were left stranded inside states bent on repression.

Many large national communities continue to find themselves living in trying conditions outside their own national state in countries at the edge of their homeland. This is the fate of some 25 million Russian inhabitants of the former Soviet republics who were unexpectedly separated from Russia by borders created when the former Soviet republics declared independence. These Russians, cut off from the protection of their motherland, are often reduced to the status of an unwelcome minority among peoples impatient to be rid of Moscow's domination. The Russians began coming to the distant lands of Central Asia in the heady days of the Great Game and, in this century, in the wake of Stalin's policy of Russification. The treatment of these Russian populations has become a serious irritant in relations among the ex-Soviet states, but border changes cannot return them peaceably to Russia's jurisdiction. Any such changes would necessarily dismember the new states, setting Russia on a path of resurgent imperialism. Left unattended, this issue could yet provide the spark for massive Russian intervention in the former Soviet republics.

Statehood has become the ultimate prize of nationalists.

In the Balkans, the gruesome bestiality of the wars waged by Serb nationalists highlights the ruthless passions of a nation divided by new borders in what it regards as its own homeland. These are the borders that the Muslim-dominated Bosnia inherited on independence. Serbia's assistance to the Bosnian Serbs encouraged them to create their own state within Bosnia, potentially as part of a Greater Serbia. It sank the country into the devastating war from which no exit is yet apparent.

The failure of the territorial approach is also evident elsewhere in the former Austro-Hungarian empire. The uneasy conditions of ethnic Albanians in Serbia and of Magyar inhabitants of the countries bordering Hungary stem from the First World War's peace settle-

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ment. They cannot be resolved by more border changes that would remake the map of these scarred lands without resorting to the forced transfer of entire minorities.

Similarly, the territorial approach in the former Ottoman empire offers no greater hope than in the Balkans. The Kurdish people are also victims of peace settlements. Kurdish national aspirations were recognized in the Treaty of Sèvres, which addressed the disposition of Ottoman lands. The treaty was never ratified; it was superseded in 1923 by the Treaty of Lausanne, which ignored the promises of the Sèvres blueprint. The Kurds were never granted a state; today they inhabit a land divided among Turkey, Iraq, Iran and Syria and survive in dire circumstances among countries bent on their annihilation or submission. Their protracted strife against Turks, Iraqis and Iranians cannot be resolved by the creation of a new state. This step would require major changes in the map and the geopolitics of the Near East that are opposed by the powerful states of the region.

Other conflicts that cannot be settled by ordinary territorial adjustments concern historic lands claimed by rival nations as their national home. The issue of rights cannot always be reduced to a matter of boundaries. For example, the long-lasting strife over the unallocated lands of the former Palestine Mandate cannot be resolved by a simple partition of the country that would deny the legitimate rights of either Israelis or Palestinians in their historic homeland beyond state boundaries. A similar problem arises in Kosovo, where the fate of the Christian Serb shrines and monasteries cannot be determined merely on the basis of the wishes of the province's predominantly Muslim population. Kosovo was the seat of the medieval Serbian Patriarchate and the scene of the battle at Kosovo Polje, where the Ottomans defeated Serbia's Czar Lazar in 1389. The site of the battle, which opened the era of Muslim domination, is endowed with a significance that outsiders are at pains to understand.

There is a need for fresh thinking of a kind not seen since the peace settlements of the 1920s. It is time for a new effort, to update Woodrow Wilson's scheme for new nation states. The need for an update, an *aggiornamento* of the state system, is underscored by the inability of the United Nations and NATO to safeguard the territorial

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integrity of Bosnia, which is a member of the United Nations, from the onslaught of Serb ethnic nationalism, or even to protect Bosnia's population from the barbaric massacres.

President Wilson's Fourteen Points do not resolve today, any more than they did 75 years ago, the enduring problems that are the legacy of the collapse of the Russian, Ottoman and Austro-Hungarian empires. No one contests these principles anymore, that "peoples and provinces must not be bartered about from sovereignty to sovereignty as if they were chattels or pawns in a game," that territorial questions should be settled "in the interests of the populations concerned," and that "well-defined national elements" ought to receive "the utmost satisfaction that can be accorded them without introducing new, or perpetuating old, elements of discord and antagonism." The trouble is that they do not address the hard issues of ethnic conflict and nationalist aspirations that unsettle a wide sweep of countries.

THE STATES-PLUS-NATIONS FRAMEWORK

THE AGE-OLD INTERNATIONAL order, which was limited to territorial states, needs to be expanded to make room for nations that are not organized territorially into independent states. A nonterritorial system of nations has in fact existed for much of history, though it was never given a formal expression by states jealous of their sovereign authority. It consists of nations bound across borders and continents by ties of kinship, sentiments, affinity, culture and loyalty.

A deconstruction and rearrangement of rigid concepts of territorial borders, sovereignty and independence that originated in Western Europe has become a necessity in the East, where the creation of homogeneous nation states is out of the question. This deconstruction leads to "soft" solutions; it does not entail changes in international borders or the creation of new independent states. It reorders the standing of national communities on an internal constitutional plane as well as on the international diplomatic one along the lines outlined in the following sections.

Functional Spaces and Zones. Soft functional spaces are mere overlays added for limited purposes over existing boundary lines. They do

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not prejudice or modify internationally recognized borders. In the European Union, for example, there are sets of diverse "spaces" governing social policy, immigration and the free movement of persons. The Schengen agreement on the free movement of persons without passports across international borders, for example, does not apply to all members of the European Union.

The deconstruction of rigid boundaries is a feature of current state relations. Soft jurisdictional lines for authorities of all sorts have long been a characteristic of national life: agencies like the New York Port Authority exercise their powers astride the limits of the states of New York and New Jersey. The creation of free-trade areas involves the limited removal of barriers between states. Between most states there are no boundaries interfering with the flow of ideas and information.

Historical Homelands. The notion of a special regime for a national or ethnic community in a historical homeland that lies across an international border would permit a soft exercise of national rights that does not entail a territorial rearrangement among states.

The depth of attachment of a nation to a historical homeland is not easily understood in secular societies, in which land is bereft of mystical significance and where the idea of a country blends into that of real estate. A national home is a concept that has its roots in history, culture and myth. The limits of a national or historical motherland often do not coincide with a state's boundaries. The ties of sentiment binding a people to its land must be treated with delicacy and acknowledged in a manner that does not preclude recognizing the ties of other people to the same land. This issue bedevils the relations of Arabs and Jews in a city, Jerusalem, and in a country where both nations claim rights of the most sacred nature. The emotional nature of the ties between a nation and its homeland renders them immune to legal claim and to notions of legitimacy and majority rule that are sometimes advanced to deny them. An internationally recognized regime must be devised to give expression to those ties without prejudicing the territorial settlement between the states of a region.

A homeland regime would define the rights that a community may exercise in areas it considers to be its historical or national home, astride the international borders that may bisect it. This can be done

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whether or not that community constitutes a majority in the region. A homeland regime could be crafted to place emphasis on national traditions, cultural rights and individual safety as well as on the disposition of land use questions at the local level. It could provide that no national would have the status of an alien in his or her national home even though not all might have the right to settle there. A regime of this nature would ideally involve a measure of local governance as well as the establishment of soft spaces across borders. It would have to be calibrated not to overly detract from the authority of the states in which it is established. Where the same territory is contested by two or more peoples, as in Bosnia, concurrent national home regimes could be created within a single region.

The issue of rights cannot always be reduced to a matter of boundaries.

The Status of Nations. The lack of formal international status for nations and for ethnic communities that have no state of their own has been an object of constant concern in their struggle for recognition. The real stake in this struggle is support for the territorial claims of a national community implicit in the recognition of its status and the strain this inflicts on relations with affected states. But once international practice establishes that no such implications are warranted, granting recognition comes more easily. The Palestine Liberation Organization, for instance, has enjoyed full diplomatic relations with many states that have not endorsed the PLO's aims.

Nations that do not have a state of their own should be granted a formal non-territorial status and a recognized standing internationally, albeit one that differs from the position of states. The lack of international standing of communities that enjoy no territorial sovereignty can be mitigated with a soft approach, endowing them with privileges analogous to those that the regions of Europe have obtained in the European Community institutions and under the Maastricht treaty. Nothing in international practice, moreover, prevents granting representatives of non-territorial communities a standing and access to regional organizations like the Council of Europe or the Conference on Security and Cooperation in Europe. The colorful precedent of the Sovereign Order of the Knights of Malta, which has long main-

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tained formal diplomatic relations with a number of Catholic states, supports the grant of diplomatic privileges and immunities to communities deprived of territorial jurisdiction. Modern statecraft is highly flexible with regard to the conduct of relations with communities other than states.

In regard to the Kurds, for example, a soft international standing may offer the most they are likely to obtain in the present correlation of forces. It would buttress their security in northern Iraq without impairing the formal unity of the Iraqi state. The Kurds there have an unstable and complex status. They have achieved a tenuous form of national existence that falls well short of independence and statehood, and depend entirely on the goodwill of Turkey. They enjoy a wide measure of self-rule in a safe haven free from Iraqi soldiers, but one that remains secure only as long as it can be protected by a U.N.-sponsored security umbrella. The opposition of Turkey, Iran and Syria to Kurdish independence is such that Saddam Hussein reportedly allowed the Kurds to secede, secure in the knowledge that none of the other states of the region would tolerate a Kurdish independent state. In Turkey, the use of the Kurdish language is barely tolerated, and Kurdish national rights are not recognized. In Iran and Syria, Kurds are subject to the rigors of repressive rule. The hapless Iraqi Kurds are thus condemned to the formal embrace of a state that has engaged in genocidal warfare against them. This long-suffering community cannot be expected to forgo functional territorial arrangements for the safety and safeguard of essential needs, but it must be content not to challenge the international borders that run across Kurdish lands.

National Identity and National Rights. The nationalist tensions in the former U.S.S.R. and the tragic wars in the Caucasus and the former Yugoslavia highlight the centrality of national rights for nations separated by international boundaries. Matters of national identity and citizenship are shrouded in great emotional and linguistic complexity. National identity is frequently confused with state citizenship. These issues involve separate but crosscutting realms of discourse, the social-psychological and the juridical. The assertion of a national identity is a political and cultural phenomenon. It can be given a formality distinct from that of citizenship, which is always legally deter-

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mined. The laws on nationality and citizenship bear witness to a rich and diverse usage among countries. The laws of Great Britain draw distinctions between the rights of citizens of the United Kingdom and those of British subjects; the status of British subject does not itself confer the right to settle in Britain. In the United States, not all "nationals" are citizens.

The fate of Russian minorities has become an issue in Russian politics. It was skillfully exploited by Vladimir Zhirinovsky in his campaign for the Russian parliament. Nationalist critics charged that Russians living in the "near abroad" are being discriminated against and treated as second-class citizens, especially in the new countries of central Asia. This discrimination denies full rights of citizenship, promotes bias in schools, places Russian property and jobs in jeopardy, and forces Russians to learn local languages. The suggestion that Russia content itself with the feeble remedies of traditional international law for the protection of its nationals in nearby countries is unlikely to carry the day in a country rife with nationalist and xenophobic passions.

In December 1993, at a meeting of the leaders of the 12 countries that make up the Commonwealth of Independent States, Russian President Boris Yeltsin proposed granting special status for Russians living inside the borders of these former Soviet republics. The proposal sought to guarantee the rights of national minorities and to give nationals living outside Russia dual citizenship, but it was dropped in the face of Ukrainian and Kazakh opposition. Many feared that dual citizenship would give Russia the legal basis for intervention without regard to their status as citizens of the states they inhabit. The president of Kazakhstan, Nursultan Nazarbayev, went so far as to compare talk about the protection of Russians living in Kazakhstan with "the times of Hitler, who also started off with the question of protecting Sudeten Germans." A soft solution to defuse the tensions that are building up is in the interests of Russia and its neighbors. Intricate distinctions of status between nationals and citizens lend themselves to constructive use in carving out different kinds of civil, political, social and economic rights. The grant of Russian nationality, as distinct from dual citizenship, could be designed to extend diplomatic

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protection and confer privileges inside Russia itself, rather than to assert Russia's right to intervene in the ex-Soviet states.

In the former Yugoslavia, it has become evident that states should allow nations and peoples to affirm a common cultural identity and kinship across international boundaries. States have no obligation to change their boundaries to accommodate the wishes of a minority community that may nonetheless predominate in a region. States should recognize the legitimate civil rights of members of national and ethnic communities as well as their social rights and entitlements, a recurring demand in the former Soviet Union. But the exercise of political rights is a different matter. It involves the relationship between a state and its citizens, a relationship built upon their undivided loyalty and mutual obligations.

National identity is frequently confused with state citizenship.

Union of Peoples and Union of States. Soft forms of union between national communities divided by international frontiers could reduce tensions in stalemated conflicts. Such unions could grant a common nationality to persons of diverse citizenship and allow the exercise of political rights outside the state of a person's citizenship. A form of union that involves peoples rather than territories and that leaves international frontiers untouched could help resolve tensions in the Balkans, especially in Kosovo.

The arcane problems of Kosovo cannot be left to fester. This remote Serbian province, which borders on Albania, has a population that is 90 percent ethnic Albanian, and constitutes nearly half the Albanian nation. The struggle between Serbs and Albanians in the province threatens to unleash a wider Balkan war that could engulf Greece and Turkey. Seventy years after the final departure of the Ottoman Turks, the savage strife of Christian and Muslim populations in the former Yugoslavia is not over. In a sense, Kosovo is where the breakup of Yugoslavia began. It was there, in 1987, that Slobodan Milošević gained popularity by affirming Christian Serb supremacy over a largely Albanian and Muslim province.

A soft form of limited union between the ethnic Albanians of

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Kosovo and the people of Albania would leave the borders of Serbia unchanged. This union could define the rights, entitlements and privileges that Albania would grant ethnic Albanians. Such privileges are by no means unprecedented: Israel's law of return grants citizenship and material help to Jewish citizens of other countries immediately upon their immigration. The difficulty for Albania lies in its capacity to grant meaningful rights of any kind. Yet a union of sorts between Albanians on both sides of the border could be symbolically significant to the Albanian people. It could be expressed by granting Albanian "nationality" to ethnic Albanians. Such Albanian nationality would not modify the Serbian citizenship of Kosovo's ethnic Albanians. It need not prejudice Serb sovereignty or Serbia's historical rights in the province.

UP FROM NATIONALISM

A SOFT APPROACH to managing the problems of nationalism corresponds to the profound changes that erode state sovereignty and reduce the all-importance of territoriality. These changes are characteristic of a global economy in which capital, technology and information flow unimpeded. Two contradictory trends—the integration and the fragmentation of states—are unfolding concurrently. The rise of free-trade areas that pushed states toward closer integration has paradoxically strengthened isolationist forces that nourish a revival of nationalism and ethnic strife. Nationalism is driven by the affinity-identity passions of ethnic communities and religious groups thirsting for self-esteem and dignity. These sentiments are strongest among laggards with hurt pride in the dark corners of fallen empires.

The interests that propel states toward ever-closer economic integration are embodied in the North American Free Trade Agreement, the Asia-Pacific Economic Cooperation forum, the General Agreement on Tariffs and Trade, and the European Union. The opposition to NAFTA among labor and environmental groups fed the isolationist forces that rejected a greater integration of the world economy. The GATT arrangements were, on the whole, concluded in a manner that minimized the participation of communities such as farmers in deci-

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sions that affected their future. Both processes created coalitions with a marked inward and nationalist bent.

Deep tides of nationalist feelings and powerful financial and market interests are running in opposite directions. These tides are running up against the politically driven forces of governments, which are jealous of the authority and jurisdiction that was traditionally theirs. They are slow to relinquish control over people and activities that were long in their grasp. The spontaneous emergence of market-driven "region states" across national frontiers has further inhibited government action and regulation.[2] The region states are engines of growth that prosper only where state intrusion is minimal.

The reconciliation of these profoundly conflicting trends—the political and nationalist trends affirming state sovereignty, the economic trends forcing their wider association and the ethnically driven fragmentation trends threatening their unity—is a central task for modern statecraft. Soft forms of nationhood can help reconcile the forces of fragmentation. What is required is nothing less than a rethinking of self-determination; a revision of the Westphalian system, limited to states, from which other national communities are excluded; a readiness to update the peace settlements of 1919-23 with a scheme that reconciles the claims of national communities dispersed in the former empires of the east with the territorial integrity of existing states; a willingness to entertain national demands in terms broader than the protection of persons belonging to minorities and individual human rights; the adoption of diverse types of intermediate status between autonomy and territorial sovereignty; the elaboration of new kinds of regional standing for national communities that have no state of their own. All of this is within the reach of contemporary statecraft.

[2] Kenichi Ohmae, "The Rise of the Region State," *Foreign Affairs*, Spring 1993, p. 78.

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Reflections on Containment

Henry Kissinger

THE SUCCESS AND PAIN OF THE STRATEGY

NO MATTER WHAT Wilsonian-minded American statesmen called them, by late 1945 spheres of influence were emerging across Europe, and they were to remain in place until the collapse of communism four decades later. Under U.S. leadership, the Western occupation zones of Germany were consolidated, while the Soviet Union turned the countries of Eastern Europe into its appendages. The erstwhile Axis Powers—Italy, Japan and, after 1949, the Federal Republic of Germany—gradually moved toward alliance with the United States. The Soviet Union cemented its dominance over Eastern Europe by means of coercion. At the same time, the Kremlin tried its utmost to interrupt the process of Western consolidation by fostering a guerrilla war in Greece and by encouraging mass demonstrations by West European communist parties, especially in France and Italy.

American leaders concluded that they had to resist further Soviet expansion. But their national tradition caused them to seek to justify this resistance on nearly any basis other than as an appeal to the traditional balance of power. In doing this, American leaders were not being hypocritical. When they finally came to recognize that Franklin D. Roosevelt's vision of a peaceful globe guarded by the four policemen (the United States, the Soviet Union, Britain and China) could

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not be implemented, they preferred to interpret this development as a temporary setback on the way to an essentially harmonious world order. Here they faced a philosophical challenge. Was Soviet intransigence merely a passing phase, which Washington could wait out? Were the Americans, as former Vice President Henry Wallace and his followers suggested, unwittingly causing the Soviets to feel paranoid by not adequately communicating their pacific intentions to Stalin? Did Stalin really reject postwar cooperation with the strongest nation in the world? Did he not want in the end to be America's friend?

As the highest policymaking circles in Washington considered those questions, a document arrived on February 22, 1946, from an expert on Russia, one George Kennan, a relatively junior diplomat at the American embassy in Moscow, that was to provide the philosophical and conceptual framework for interpreting Stalin's foreign policy. Rarely does an embassy report by itself reshape Washington's view of the world, but what later came to be known as the "Long Telegram" emphatically did. Kennan maintained that the United States should stop blaming itself for Soviet intransigence; the sources of Soviet foreign policy lay deep within the Soviet system itself. For Kennan, communist ideology was at the heart of Stalin's approach to the world. Stalin regarded the Western capitalist powers as irrevocably hostile. The friction between the Soviet Union and America was therefore not the product of some misunderstanding or faulty communication between Moscow and Washington but was inherent in the Soviet Union's perception of the outside world.

From time immemorial, argued Kennan, the Russian tsars had sought to expand their territory. They had sought to subjugate Poland and to turn it into a dependent nation. They had regarded Bulgaria as within Russia's sphere of influence. And they had sought a warm-water port on the Mediterranean, mandating control of the Black Sea Straits:

> At bottom of Kremlin's neurotic view of world affairs is traditional and instinctive Russian sense of insecurity. Originally, this was insecurity of a peaceful, agricultural people trying to live on vast exposed plain in neighborhood of fierce nomadic peoples. To this was added, as Russia came into contact with economically advanced West, fear of more competent, more powerful, more highly organized societies in that area. But this latter type of

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> insecurity was one which afflicted rather Russian rulers than Russian people; for Russian rulers have invariably sensed that their rule was relatively archaic in form, fragile and artificial in its psychological foundation, unable to stand comparison or contact with political systems of Western countries.

This historical insecurity was, according to Kennan, given a new sense of urgency by communist dogma:

> In this [communist] dogma, with its basic altruism of purpose, they found justification for their instinctive fear of outside world, for the dictatorship without which they did not know how to rule, for cruelties they did not dare not to inflict, for sacrifices they felt bound to demand. . . . Without it they would stand before history, at best, as only the last of that long succession of cruel and wasteful Russian rulers who have relentlessly forced [their] country on to ever new heights of military power in order to guarantee external security of their internally weak regimes. . . .

America, Kennan argued, had to hunker down for a long struggle; the goals and philosophies of the United States and of the Soviet Union were irreconcilable.

In a top-secret study dated September 24, 1946, Truman adviser Clark Clifford fell in with this view: "The main deterrent to Soviet attack on the United States, or to attack on areas of the world which are vital to our security, will be the military power of this country." By now, this had become conventional wisdom. But Clifford used it as a springboard from which to proclaim a global American security mission, embracing "all democratic countries which are in any way menaced or endangered by the U.S.S.R." It was not clear what was meant by "democratic." Did this qualification limit America's defense to Western Europe, or was it a courtesy that extended to any threatened area and thus required the United States to defend simultaneously the jungles of Southeast Asia, the deserts of the Middle East and densely populated Central Europe? In time, the latter interpretation became dominant.

Clifford rejected any similarity between the emerging policy of containment and traditional diplomacy. In his view, the Soviet-American conflict was not caused by clashing national interests—which by definition might be negotiated—but by the moral shortcomings of the Soviet leadership. Therefore, the goal of American policy was not so much to restore the balance of power as to transform Soviet society.

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Just as in 1917 Wilson had blamed the need for a declaration of war on the kaiser rather than on the threat Germany posed to American security, so Clifford now ascribed Soviet-American tensions to "a small ruling clique and not the Soviet people." A significant Soviet change of heart, and probably a new set of Soviet leaders, was required before an overall Soviet-American agreement would be possible. At some dramatic moment, these new leaders would "work out with us a fair and equitable settlement when they realize that we are too strong to be beaten and too determined to be frightened."

Neither Clifford nor any subsequent American statesman involved in the discussion of the Cold War ever put forward specific terms to end the confrontation or to initiate a process that would bring about negotiations to do so. So long as the Soviet Union maintained its ideology, negotiations were treated as pointless. After a Soviet change of heart, a settlement would become nearly automatic. In either case, spelling out the terms of such a settlement in advance was deemed to inhibit America's freedom of action—the same argument that had been used during World War II to avoid discussion of the postwar world. America now had the conceptual framework to justify political and military resistance to Soviet expansionism.

TRUMAN EXPANDS THE CONCEPT

SINCE THE END of the war, Soviet pressures had followed historical Russian patterns. The Soviet Union controlled the Balkans (except for Yugoslavia) and a guerrilla war was raging in Greece, supported from bases in communist Yugoslavia and the Bulgarian Soviet satellite. Territorial demands were being made against Turkey, along with a request for Soviet bases in the Straits—very much along the lines of what Stalin had wanted from Hitler on November 25, 1940. Ever since the end of the war, Great Britain had supported both Greece and Turkey, economically as well as militarily. In the winter of 1946-47, the Attlee Government of Britain informed Washington that it could no longer shoulder the burden. Truman was prepared to take over Great Britain's historical role of blocking a Russian advance toward the Mediterranean, but neither the American public nor Con-

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gress could countenance the traditional British geopolitical rationale. Resistance to Soviet expansionism had to spring from principles based strictly on the American approach to foreign policy.

This imperative became apparent at a key meeting held on February 27, 1947, in the Oval Office. Truman, Secretary of State Marshall and Assistant Secretary of State Dean Acheson sought to persuade a congressional delegation led by Senator Arthur Vandenberg (R-Mich.) of the importance of aid to Greece and Turkey—a formidable assignment, since the traditionally isolationist Republicans controlled both houses of Congress. Marshall led off with a dispassionate analysis setting forth the relationship between the proposed aid program and American interests. He elicited stereotypical grumblings about "pulling Britain's chestnuts out of the fire," the iniquities of the balance of power and the burdens of foreign aid. Recognizing that the administration was about to lose its case, Acheson asked Marshall in a whisper whether this was a private fight or whether anyone could join in.

> Once America had thrown down the moral gauntlet, only a collapse of the Soviet system could end the conflict.

Given the floor, Acheson proceeded, in the words of one aide, "to pull out all the stops." Acheson boldly presented the group with visions of a bleak future in which the forces of communism stood to gain the upper hand: "Only two great powers remained in the world . . . [the] United States and the Soviet Union. We had arrived at a situation unparalleled since ancient times. Not since Rome and Carthage had there been such a polarization of power on this earth. . . . For the United States to take steps to strengthen countries threatened with Soviet aggression or communist subversion . . . was to protect the security of the United States—it was to protect freedom itself."

When it became evident that Acheson had roused the congressional delegation, the administration stuck to his basic approach. From that point on, the Greek-Turkish aid program was portrayed as part of the global struggle between democracy and dictatorship. When, on March 12, 1947, Truman announced the doctrine that would later be named after him, he dropped the strategic aspect of Acheson's analysis and spoke in traditional Wilsonian terms of a

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struggle between two ways of life: "One way of life is based upon the will of the majority, and is distinguished by free institutions, representative government, free elections, guarantees of individual liberty, freedom of speech and religion and freedom from political oppression. The second way of life is based upon the will of a minority forcibly imposed upon the majority. It relies upon terror and oppression, a controlled press and radio, fixed elections and the suppression of personal freedoms."

Had Soviet leaders been more aware of American history, they would have understood the ominous nature of what the president was saying. The Truman Doctrine marked a watershed because, once America had thrown down the moral gauntlet, the kind of realpolitik Stalin understood best would be forever at an end, and bargaining over reciprocal concessions would be out of the question. Henceforth, the conflict could only be settled by a change in Soviet purposes, by the collapse of the Soviet system, or both. Truman had proclaimed his doctrine as "the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures." Inevitably, criticism of the objective of defending democracy appeared at both ends of the intellectual spectrum: some protested that America was defending countries that, however important, were morally unworthy; others objected that America was committing itself to the defense of societies that, whether free or not, were not vital to American security. It was an ambiguity that refused to go away, generating debates that have not ended to this day about American purposes in nearly every crisis. Ever since, American foreign policy has been obliged to navigate between those who assail it for being amoral and those who criticize it for going beyond the national interest through crusading moralism.

Once the challenge had been defined as the very future of democracy, America could not wait until a civil war actually occurred, as it had in Greece. On June 5, less than three months after the announcement of the Truman Doctrine, Secretary Marshall in a commencement address at Harvard committed America to the task of eradicating the social and economic conditions that tempted aggression. America would aid European recovery, announced Marshall, to avoid

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THE BETTMANN ARCHIVE

Charting containment's course

"political disturbances" and "desperation," to restore the world economy and to nurture free institutions. Therefore, "[any] government that is willing to assist in the task of recovery will find full cooperation, I am sure, on the part of the United States government." In other words, participation in the Marshall Plan was open even to governments in the Soviet orbit—a hint taken up in Warsaw and Prague and just as quickly squelched by Stalin.

Only a country as idealistic, as pioneering and as relatively inexperienced as the United States could have advanced a plan for global economic recovery based solely on its own resources. And yet the very sweep of that vision elicited a national commitment that would sustain the Cold War generation through its final victory. The program of economic recovery, said Secretary Marshall, would be "directed not against any country or doctrine, but against hunger, poverty, desperation and chaos." Just as when the Atlantic Charter had been proclaimed, a global crusade against hunger and despair was found to be more persuasive to Americans than appeals to immediate self-interest or the balance of power.

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THE X ARTICLE

AT THE END of all of these more or less random initiatives, there emerged a document that would, for over a generation, serve as the bible of the containment policy, indeed which supplied it with its very name. All the various strands of American postwar thought were brought together in an extraordinary article published in July 1947 in *Foreign Affairs*. Though it was anonymously signed by "X," the author was later identified as George F. Kennan, by then head of the policy planning staff of the State Department. Of the thousands of articles written since the end of the Second World War, Kennan's "The Sources of Soviet Conduct" stands in a class by itself. In this lucidly written, passionately argued literary adaptation of his "Long Telegram," Kennan raised the Soviet challenge to the level of philosophy of history.

By the time Kennan's article appeared, Soviet intransigence had become the staple of policy documents. Kennan's distinctive contribution was to explain the ways in which hostility to the democracies was inherent in the Soviet domestic structure and why that structure would prove impervious to conciliatory Western policies. Tension with the outside world was inherent in the very nature of communist philosophy and, above all, in the way the Soviet system was being run domestically. Internally, the Communist Party was the only organized group, with the rest of society fragmented into an inchoate mass. Thus the Soviet Union's implacable hostility to the outside world was an attempt to gear international affairs to its own internal rhythm. The main concern of Soviet policy was "to make sure that it has filled every nook and cranny available to it in the basin of world power." The way to defeat Soviet strategy was by "a policy of firm containment, designed to confront the Russians with unalterable counterforce at every point where they show signs of encroaching upon the interests of a peaceful and stable world."

Like almost every other contemporary foreign policy document, Kennan's "X" article disdained the elaboration of a precise diplomatic goal. What he sketched was the age-old American dream of a peace achieved by the conversion of the adversary, albeit in language more elevated and far more trenchant in its perception than that of any contemporary. But where Kennan differed from other experts was when

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he described the mechanism by which, sooner or later, through one power struggle or another, the Soviet system would be fundamentally transformed. Since that system had never managed a "legitimate" transfer of power, Kennan thought it likely that, at some point, various contestants for authority might reach down into these politically immature and inexperienced masses in order to find support for their respective claims. If this were ever to happen, strange consequences could flow for the Communist Party: "For the membership at large has been exercised only in the practices of iron discipline and obedience and not in the arts of compromise and accommodation. . . . If, consequently, anything were ever to occur to disrupt the unity and efficacy of the party as a political instrument, Soviet Russia might be changed overnight from one of the strongest to one of the weakest and most pitiable of national societies."

Kennan sketched the American dream of a peace achieved by conversion of the adversary.

No other document forecast quite so accurately what would in fact take place after the advent of Mikhail Gorbachev. And in the aftermath of so total a collapse of the Soviet Union, it may seem carping to point out just how back-breaking an assignment Kennan had prescribed for his people. For he had charged America with combating Soviet pressures for the indefinite future all around a vast periphery that embraced the widely differing circumstances of Asia, the Middle East and Europe. The Kremlin was, moreover, free to select its point of attack, presumably only where it calculated it would have the greatest advantage. Throughout subsequent crises, the American political objective was deemed to be the preservation of the status quo, with the overall effort producing communism's final collapse only after a protracted series of ostensibly inconclusive conflicts. It was surely the ultimate expression of America's national optimism and unimpaired sense of self-confidence that as sophisticated an observer as George Kennan could have assigned his society a role so global, so stern and, at the same time, so reactive.

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THE INGREDIENTS OF CONTAINMENT

THIS STARK, EVEN HEROIC, doctrine of perpetual struggle committed the American people to endless contests with rules that left the initiative to the adversary and confined America's role to strengthening the countries already on its side of the dividing line—a classic policy of spheres of interest. By abjuring negotiations, the containment policy wasted precious time during the period of America's greatest relative strength—while it still had the atomic monopoly. Indeed, given the premise of containment—that positions of strength had yet to be built—the Cold War became both militarized and imbued with an inaccurate impression of the West's relative weakness.

The redemption of the Soviet Union became the ultimate goal of policy; stability could emerge only after evil had been exorcised. It was no accident that Kennan's article concluded with a peroration instructing his impatient, peace-loving compatriots about the virtues of patience and interpreting their international role as a test of their country's worthiness:

> The issue of Soviet-American relations is in essence a test of the overall worth of the United States as a nation among nations. . . . The thoughtful observer of Russian-American relations will find no cause for complaint in the Kremlin's challenge to American society. He will rather experience a certain gratitude to a providence which, by providing the American people with this implacable challenge, has made their entire security as a nation dependent on their pulling themselves together and accepting the responsibilities of moral and political leadership that history plainly intended them to bear.

One of the outstanding features of these noble sentiments was their peculiar ambivalence. They rallied America to a global mission but made the task so complex that America would nearly tear itself apart trying to fulfill it. Yet the very ambivalence of containment seemed to lend an extraordinary impetus to American policy. Though essentially passive with respect to diplomacy with the Soviet Union, containment evoked tenacious creativity when it came to building "positions of strength" in the military and economic realms. This was because in containment were merged lessons derived from the two most important American experiences of the previous generation: from the New

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Deal came the belief that threats to political stability arise primarily from gaps between economic and social expectations and reality, hence the Marshall Plan; from the Second World War America learned that the best protection against aggression is having overwhelming power and the willingness to use it, hence the Atlantic alliance. The Marshall Plan was designed to get Europe on its feet economically. NATO was to look after its security.

THE CRITIQUES OF CONTAINMENT

AS CONTAINMENT SLOWLY took shape, the criticism it encountered emerged from three different schools of thought. The first came from the "realists," exemplified by Walter Lippmann, who argued that the containment policy led to psychological and geopolitical overextension while draining American resources. The spokesman for the second school of thought was Winston Churchill, who objected to the postponement of negotiations until after positions of strength had been achieved. Finally, there was Henry Wallace, who denied America the moral right to undertake the policy of containment in the first place. Postulating a fundamental moral equivalence between both sides, Wallace argued that the Soviet sphere of influence in Central Europe was legitimate and that America's resistance to it only intensified tension. He urged a return to what he viewed as Roosevelt's policy: to end the Cold War by American conciliation.

As the most eloquent spokesman for the realists, Walter Lippmann rejected Kennan's proposition that Soviet society contained the seeds of its own decay. He considered the theory to be too speculative to serve as the foundation of American policy: containment, argued Lippmann, would draw America into the hinterlands of the Soviet empire's extended periphery, which included, in his view, many countries that were not states in the modern sense to begin with. Military entanglements that far from home could not enhance American security and would weaken American resolve. Containment, according to Lippmann, permitted the Soviet Union to choose the points of maximum discomfiture for the United States while retaining the diplomatic, and even the military, initiative. Lippmann stressed the importance of estab-

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lishing criteria to define areas in which countering Soviet expansion was a vital American interest. Without such criteria, the United States would be forced to organize a "heterogeneous array of satellites, clients, dependents and puppets," which would permit America's newfound allies to exploit containment for their own purposes. The United States would be trapped into propping up nonviable regimes, leaving Washington with the sorry choice between "appeasement and defeat and the loss of face, or . . . support[ing] them [U.S. allies] at incalculable cost."

It was indeed a prophetic analysis of what lay ahead for the United States, though the remedy Lippmann proposed was hardly congenial to the universalist American tradition, which was far closer to Kennan's expectation of an apocalyptic outcome. Lippmann asked that American foreign policy be guided by a case-by-case analysis of American interests rather than by general principles presumed to be universally applicable. In his view, American policy should have been aiming less at overthrowing the communist system than at restoring the balance of power in Europe, which had been destroyed by the war. Containment implied the indefinite division of Europe, whereas America's real interest should be to banish Soviet power from the center of the European continent:

> For more than a hundred years all Russian governments have sought to expand over Eastern Europe. But only since the Red Army reached the Elbe River have the rulers of Russia been able to realize the ambitions of the Russian empire and the ideological purposes of communism. A genuine policy would, therefore, have as its paramount objective a settlement which brought about the evacuation of Europe. . . . American power must be available, not to 'contain' the Russians at scattered points, but to hold the whole Russian military machine in check, and to exert a mounting pressure in support of a diplomatic policy which has as its concrete objective a settlement that means withdrawal.

From among its intellectuals, America was able to draw on the thinking of both Lippmann and Kennan while they were at the height of their powers. Kennan correctly understood communism's underlying weakness; Lippmann accurately foretold the frustrations of an essentially reactive foreign policy based on containment. Kennan called for endurance to permit history to display its inevitable tendencies; Lippmann called for diplomatic initiative to produce a European settlement while America was still preponderant. Kennan had a

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better intuitive understanding of the mainsprings of American society; Lippmann grasped the impending strain of enduring a seemingly endless stalemate and of the ambiguous causes that containment might lead America to support.

THE MOST COMPELLING ALTERNATIVE

IN THE END, Lippmann's analysis found a substantial following, though mainly among the opponents of confrontation with the Soviet Union. And their approbation was based on only one aspect of Lippmann's argument, emphasizing as they did its critique while ignoring its prescriptions. They noted Lippmann's call for more limited objectives but overlooked his recommendation for more aggressive diplomacy. Thus it happened that in the 1940s the most compelling alternative strategy to the doctrine of containment came from none other than Winston Churchill, then leader of the Opposition in the British Parliament.

Churchill supported containment, but for him it was never an end in itself. Unwilling to wait passively for the collapse of communism, he sought to shape history rather than rely on it to do his work for him. What he was after was a negotiated settlement. His "iron curtain" speech at Fulton, Missouri had merely hinted at negotiations. On October 9, 1948, at Llandudno, Wales, Churchill returned to his argument that the West's bargaining position would never be better than it was at that moment. In a much-neglected speech, he said:

> No one in his senses can believe that we have a limitless period of time before us. We ought to bring matters to a head and make a final settlement. We ought not to go jogging along improvident, incompetent, waiting for something to turn up, by which I mean waiting for something bad for us to turn up. The Western nations will be far more likely to reach a lasting settlement, without bloodshed, if they formulate their just demands while they have the atomic power and before the Russian communists have got it too.

Two years later, Churchill made the same plea in the House of Commons: the democracies were quite strong enough to negotiate, and would only weaken themselves by waiting. Defending NATO rearmament on November 30, 1950, he warned that arming the West would not by itself change its bargaining position, which, in the end, depended on America's atomic monopoly:

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> [W]hile it is right to build up our forces as fast as we can, nothing in this process, in the period I have mentioned, will deprive Russia of effective superiority in what are now called the conventional arms. All that it will do is to give us increasing unity in Europe and magnify the deterrents against aggression. . . . Therefore I am in favour of efforts to reach a settlement with Soviet Russia as soon as a suitable opportunity presents itself, and of making those efforts while the immense and measureless superiority of the United States atomic bomb organization offsets the Soviet predominance in every other military respect.

For Churchill, a position of strength was already in place; for American leaders, it had yet to be created. Churchill thought of negotiations as a way of relating power to diplomacy. And though he was never specific, his public statements strongly suggest that he envisaged some kind of diplomatic ultimatum by the Western democracies. American leaders recoiled before employing their atomic monopoly, even as a threat. Churchill wanted to shrink the area of Soviet influence, but was prepared to coexist with Soviet power within reduced limits. The American leaders had a nearly visceral dislike of spheres of influence. They wanted to destroy and not to shrink their adversary's sphere. Their preference was to wait for total victory and for the collapse of communism, however far off, to bring about a Wilsonian solution to the problem of world order.

The disagreement came down to a difference between the historical experiences of Great Britain and America. Churchill's society was all too familiar with imperfect outcomes; Truman and his advisers came from a tradition in which, once a problem had been recognized, it was usually overcome by the deployment of vast resources. Hence America's preference for final resolutions and its distrust of the sort of compromise that had become a British specialty. The American view prevailed, because America was stronger than Great Britain, and because Churchill, as leader of the British Opposition, was in no position to press his strategy.

HENRY WALLACE AND THE RADICAL TRADITION

IN THE END, the most vocal and persistent challenge to American policy came from neither the realist school of Lippmann nor Churchill's balance-of-power thinking, but from a tradition with roots deep within American radical thought. Whereas Lippmann and

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Churchill accepted the Truman administration's premise that Soviet expansionism represented a serious challenge and only contested the strategy for resisting it, the radical critics rejected every aspect of containment. Henry Wallace, vice president during Roosevelt's third term, former secretary of agriculture, and secretary of commerce under Truman, was its principal spokesman.

A product of America's populist tradition, Wallace had an abiding Yankee distrust of Great Britain. Like most American liberals since Jefferson, he insisted that "the same moral principles which governed in private life also should govern in international affairs." In Wallace's view, America had lost its moral compass and was practicing a foreign policy of "Machiavellian principles of deceit, force and distrust," as he told an audience in Madison Square Garden on September 12, 1946. Since prejudice, hatred and fear were the root causes of international conflict, the United States had no moral right to intervene abroad until it had banished these scourges from its own society. The new radicalism reaffirmed the historical vision of America as a beacon of liberty but, in the process, turned it against itself. Postulating the moral equivalence of American and Soviet actions became a characteristic of the radical critique throughout the Cold War. The very idea of America having international responsibilities was, in Wallace's eyes, an example of the arrogance of power. The British, he argued, were duping the gullible Americans into doing their bidding: "British policy clearly is to provoke distrust between the United States and Russia and thus prepare the groundwork for World War III."

To Wallace, Truman's presentation of the conflict as one between democracy and dictatorship was pure fiction. In 1945, a time when Soviet postwar repression was becoming increasingly obvious and the brutality of collectivization was widely recognized, Wallace declared that "the Russians today have more of the political freedoms than they ever had." He also discovered "increasingly the signs of religious toleration" in the U.S.S.R. and claimed that there was a "basic lack of conflict between the United States and the Soviet Union." Wallace thought that Soviet policy was driven less by expansionism than by fear. In his speech at Madison Square Garden in August 1946, Wallace laid down a direct challenge to Truman, which caused the president to demand Wallace's resignation:

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> We may not like what Russia does in Eastern Europe. Her type of land reform, industrial expropriation and suppression of basic liberties offends the great majority of the people of the United States. But whether we like it or not the Russians will try to socialize their sphere of influence just as we try to democratize our sphere of influence. . . . Russian ideas of social-economic justice are going to govern nearly a third of the world. Our ideas of free enterprise democracy will govern much of the rest. The two ideas will endeavor to prove which can deliver the most satisfaction to the common man in their respective areas of political dominance.

In a curious reversal of roles, the self-proclaimed defender of morality in foreign policy accepted a Soviet sphere of influence in Eastern Europe on practical grounds, while the administration he was attacking for cynical power politics rejected the Soviet sphere on moral grounds.

Wallace's challenge collapsed after the communist coup in Czechoslovakia, the Berlin blockade and the invasion of South Korea. As a presidential candidate in 1948, he gained only one million votes against more than 24 million for Truman, placing him fourth. Nevertheless, Wallace managed to develop themes that would remain staples of the American radical critique throughout the Cold War and move to center stage during the Vietnam conflict. These emphasized America's moral inadequacies and those of the friends it was supporting; a basic moral equivalence between America and its communist challengers; the proposition that America had no obligation to defend any area of the world against largely imaginary threats; and the view that world opinion was a better guide to foreign policy than geopolitical concepts. When aid to Greece and Turkey was first proposed, Wallace urged the Truman administration to put the issue before the United Nations. If "the Russians exercised their veto, the moral burden would be on them. . . . [W]hen we act independently . . . the moral burden is on us." Seizing the moral high ground meant more than whether America's geopolitical interests were being safeguarded.

Though Wallace's radical critique of American postwar foreign policy was defeated in the 1940s, its basic tenets reflected a deep strain of American idealism that continued to tug at the nation's soul. The same moral convictions that had conferred such energy on America's international commitments also had the potential to be turned inward by disillusionment with the outside world, or with America's own imperfections. In the 1920s, isolationism had caused America to withdraw

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on the grounds that it was too good for the world; in the Wallace movement and its heirs, it revived itself in the proposition that America should withdraw because it was not good enough for the world.

THE COMPLEXITY OF CONTAINMENT

ONE RESULT OF THE containment policy was that the United States relegated itself to an essentially passive diplomacy during the period of its greatest power. That is why containment was increasingly challenged by yet another constituency, of which John Foster Dulles became the most vocal spokesman. His constituents were the conservatives who accepted the premises of containment but questioned the absence of urgency with which it was being pursued. Even if containment did in the end succeed in undermining Soviet society, these critics argued, it would take too long and cost too much. Whatever containment might accomplish a strategy of liberation would surely accelerate. By the end of Truman's presidency, the containment policy was caught in a crossfire between those who considered it too bellicose (the followers of Wallace) and those who thought it too passive (the conservative Republicans).

This controversy accelerated because, as Lippmann had predicted, international crises increasingly moved to peripheral regions of the globe, where the moral issues were confused and direct threats to American security were difficult to demonstrate. America found itself drawn into wars in areas not protected by alliances and on behalf of ambiguous causes and inconclusive outcomes. From Korea to Vietnam, these enterprises kept alive the radical critique, which continued to question the moral validity of containment. Thus surfaced a new variant of American exceptionalism. With all of its imperfections, the America of the nineteenth century had thought of itself as the beacon of liberty; in the 1960s and 1970s, the torch was said to be flickering and would need to be relit before America could return to its historical role as an inspiration to the cause of freedom. The debate over containment turned into a struggle for the very soul of America. As early as 1957, even George Kennan had come to reinterpret containment in this light when he wrote: "To my own countrymen who have often

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asked me where best to apply the hand to counter the Soviet threat, I have accordingly had to reply: to our American failings, to the things we are ashamed of in our own eyes, or that worry us; to the racial problem, to the conditions in our big cities, to the education and environment of our young people, to the growing gap between specialized knowledge and popular understanding."

A country that demands moral perfection in its foreign policy will achieve neither perfection nor security.

A decade earlier, before he had become disillusioned by what he considered the militarization of his invention, George Kennan would have recognized that no such choice existed. A country that demands moral perfection of itself as a test of its foreign policy will achieve neither perfection nor security. It was a measure of Kennan's achievement that, by 1957, the free world's parapets had been manned, his own views having made a decisive contribution to this effort. The parapets were in fact being manned so effectively that America permitted itself to indulge in a hefty dose of self-criticism.

Containment was an extraordinary theory—at once hardheaded and idealistic, profound in its assessment of Soviet motivations yet curiously abstract in its prescriptions. Thoroughly American in its utopianism, it assumed that the collapse of a totalitarian adversary could be achieved in an essentially benign way. Although this doctrine was formulated at the height of America's absolute power, it preached America's relative weakness. Postulating a grand diplomatic encounter at the moment of its culmination, containment allowed no role for diplomacy until the climactic final scene in which the men in the white hats accepted the conversion of the men in the black hats.

With all of these qualifications, containment was a doctrine that saw America through more than four decades of construction, struggle and, ultimately, triumph. The victim of its ambiguities turned out to be not the peoples America had set out to defend—on the whole successfully—but the American conscience. Tormenting itself in its traditional quest for moral perfection, America would emerge, after more than a generation of struggle, lacerated by its exertions and controversies, yet having achieved almost everything it had set out to do.

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Reviews

THE BETTMANN ARCHIVE

Lloyd George, Clemenceau and Wilson at Versailles, 1919

"If the philosophy of Wilson has been a flicker of marsh gas leading into the quagmire, does Metternich's furnish any more reliable guidance?"

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Review Essay

The World According to Henry

From Metternich to Me

Michael Howard

Diplomacy. BY HENRY KISSINGER. New York: Simon & Schuster, 1994, 912 pp. $35.00.

Henry Kissinger has never written anything less than *magna opera*, but this 1,000-page blockbuster must certainly qualify as his *maximum opus*. Its title is modestly deceptive. The term "diplomacy" is normally applied to the techniques and tactics employed in the conduct of international relations, and about these Kissinger is well qualified to write. He is dealing here, however, with a great deal more than techniques and tactics. His topic is the grand strategy, indeed the philosophy, of great power relationships, from the days of Richelieu until our own times.

The proper title of this book would be something like *Power Politics*, but that is a term that Kissinger seldom allows to pass his pen. Instead he refers frequently, and bewilderingly, to "geopolitics." He does not use this term as did its European inventors, Rudolph Kjellen, Halford Mackinder and Albrecht Haushofer, to mean the influence of spatial environment on political imperatives. For Kissinger "geopolitics" is simply a euphemism for power relationships. His use of it is reminiscent of the term "behavioral sciences," which was coined in the United States a generation ago to describe what had hitherto been known as the social sciences, but sounded to suspicious congressmen too much like socialism to qualify for governmental support. In the same way, power politics is a concept (though not a practice) so blatantly un-American that no foundation is likely to underwrite its study. "Geopolitics," on the other hand, sounds conveniently value-free, though the

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implementation of some of its theories by German and Japanese statesmen during the first half of this century proves that it is not necessarily anything of the kind. Kissinger would have done better to have come clean and admitted that his subject was neither diplomacy nor geopolitics, as those terms are generally understood, but the subject that he has spent his life studying and much of it practicing: the politics of power.

THE BETTMANN ARCHIVE

Metternich

The subtext of his book, however, explains why he could not do so. Americans do not take kindly to the idea of power politics, even when they are most blatantly engaged in it. From Wilson to Clinton, the rhetoric of American foreign policy has been to deny the need for anything so crude and to denounce the very idea as a European perversion. But for Kissinger, steeped as he is in the European history of the nineteenth century, power politics is both natural and necessary. The statesmen he most respects—Richelieu, Metternich, Bismarck, even Stalin—were those who recognized this and practiced it most openly. For power politics is not simply *Machtpolitik*, the accumulation, threat, and if need be use of armed force as an instrument of policy. It is based on the recognition and acceptance of the limits of one's own power. Statecraft, from the days of Richelieu to those of Nixon, has consisted in the identification of national interests, the realistic assessment of available resources, and the alignment of both in an appropriate relationship within the context of the interests and resources of rival states. If the resources are sufficient, a state may realistically aspire to hegemony, the destruction or subordination of all rival powers. But if they are not, as for the states of Europe from the seventeenth until the twentieth centuries they were not, the statesman must strive to enhance the power of his own state through explicit or implicit alliances. In Lord Palmerston's oft-quoted words, there are no permanent friends or permanent enemies; there are only permanent interests.

Kissinger has said this often, and here he says it again, definitively and at considerable length. For him the European practice, particularly as defined by British nineteenth-century statesmen, was not an aberration, but the norm for the conduct of international relations in any era. The American abjuration of power politics in the nineteenth century was a luxury that only their oceanic isolation enabled them to afford. In the twentieth, however, it was a disaster, whether it took the form of

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isolationism, as it did in the 1920s and 1930s, or ideological crusade, as it did in the 1950s and 1960s. Richard Nixon, claims Kissinger, was the first American president, with the solitary exception of Theodore Roosevelt, to understand power politics and so to guide the United States back into the mainstream of international relations. (It is a claim to statesmanship for Nixon that could be made as convincingly for Louis XIII of France, Francis II of Austria or William I of Prussia, the patrons of Richelieu, Metternich and Bismarck, respectively, but let that pass.) But the United States cannot be Europeanized. The policies of its statesmen, however much they may be guided by a perception of the national interest, must always be made acceptable to an ideologically motivated electorate. That is the problem Kissinger faced when in office, and one to which, in the latter part of this volume, he constantly returns.

THE BETTMANN ARCHIVE

Bismark

1648 AND ALL THAT

About a third of this book is devoted to European politics before 1941, from the emergence of the states system after the Thirty Years' War in 1648 to its collapse with the triumph of Hitler. Some academics may lament the absence of more rigorous analysis, others the narrow focus on political elites and the little consideration given the social and economic transformations that provided the context for their policies, but it is a magisterial narrative, well-spiced with Kissingerian insights and ironies. The author is of course at his best on his familiar ground of post-Napoleonic nineteenth-century Europe. Whatever the philosophes may have said in the eighteenth century about the balance of power, the princes of Europe then still fought for aggrandizement or survival as nakedly as their predecessors. It was not until Metternich that a statesman appeared who had not only internalized the concept but was given the opportunity to create a new international structure that explicitly embodied it. His less perceptive successors allowed it to collapse. Bismarck recreated it, although on a far less stable basis. Again his successors allowed it to collapse. The First World War came about not because of the unstable power balance created by competing alliances (though it is not quite clear whether Kissinger accepts this), but because the German Empire was no longer interested in maintaining a power balance. The Second World War followed because the victorious allies were incapable of, or uninterested in, restoring that balance.

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The withdrawal of the United States, the pariah status of Russia and the dithering of Britain, whose leaders had forgotten the lessons so sagely taught by their predecessors, left a vacuum that could all too easily be filled by the expansion of German power. When U.S. leaders came to pick up the pieces, their effort was in the belief that the balance of power, far from having prevented those wars, had been their cause. So they set about creating a new world order based on different, and erroneous, principles.

WOODROW'S WORLD

Like Metternich, Woodrow Wilson had the opportunity, or so he believed, to create a new international system based on a coherent ideology. The ideology, like that of the balance of power, derived from the eighteenth-century philosophes, who assumed an underlying harmony in nature that was distorted and broken only by human error and misperceptions. International conflict was at best the result of what Marx called "false consciousness"; at worst of the sinister activities of monarchs, aristocrats, or, a little later, "military-industrial complexes," all of whom, as Kant pointed out at the end of the eighteenth century, had a vested interest in war. For the Wilsonians peace was not a precarious condition maintained only by a constant and conscious balancing of power and interests, but the normal state of mankind, or at least it would be if only the artificial barriers to its maintenance could be swept away.

In this view American democracy was a microcosm of humanity, and nations could and should govern their relations by the same kind of consensus as the Americans did themselves. There should be an international town meeting—the League of Nations—to establish that consensus, and a posse comitatus to enforce it against offenders. As in domestic affairs, the security of one was the security of all. Separate pacts, alliances and military guarantees were as unacceptable on the international plane as they were on the domestic. Peace, in short, was indivisible.

When in 1919 the congress of the United States was called upon to ratify the covenant setting up the League of Nations, it understandably recoiled from a universalism that would have committed the country to undifferentiated and global intervention. But, having no tradition or understanding of power politics, it relapsed into the opposite extreme of isolationism. When the power balance in Europe collapsed in 1940, President Roosevelt saw that the necessities of the power balance demanded American intervention to prevent a German victory, but his electorate still did not. When the issue was decided for them by the actions of their adversaries, the American people went to war, not to restore a balance of power, but to punish the aggressors, enforce their surrender and put their leaders on trial. When peace was eventually reestablished, a new world order was created under American leadership based on Wilsonian principles, except that this time the United States locked itself into the United Nations and tried to provide it with teeth.

THE UNRESTRICTED COLD WAR

When the Soviet Union revealed itself to be, not a loyal partner in upholding the

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American concept of world order, but a potential adversary, such statesmen as George Marshall, Dean Acheson and George Kennan accepted the concept of "containment," which was effectively an update of the traditional balance of power. But in order to gain public support their rhetoric had to be universalist. In fact Stalin, in Kissinger's view, had no serious global ambitions. He was an old-fashioned realpolitiker concerned with the cautious expansion of Soviet power, and he expected his adversaries to be playing the same game. He made it clear to the British that he would have no objection to their establishing military bases in Western Europe pari passu with the establishment of Soviet power in the eastern half of the continent. If the Western allies had been similar practitioners of realpolitik, Kissinger suggests, a deal might have been struck immediately after the war along the lines that Churchill himself favored: a Soviet pullout from Germany in exchange for the Finlandization of Eastern Europe. As it was, the American leadership could mobilize the domestic support necessary to achieve even the most limited objective of a power balance in Europe only by proclaiming a crusade, as it did in the Truman Doctrine. The global implications of this crusade were to be made suddenly explicit by the purely adventitious attack across the 38th parallel by the forces of North Korea in a region in which American statesmen had explicitly and understandably stated that they had no interests to defend.

The United States now found itself committed to a conflict that was not only global but to all appearances permanent. But it was one, Kissinger points out, to which the American people were temperamentally well suited. They were pledged to the defense, against the forces of an evil empire, of a world that, if left to itself, would be free, harmonious and democratic. Any administration, whether that of Truman or Eisenhower, that adopted anything less than a posture of total and undifferentiated hostility to the communist world was subjected to the unremitting attacks of its opponents. Young John Kennedy in particular, after the disastrous Bay of Pigs fiasco, had to show both his domestic and Soviet adversaries that he was prepared to live up to his rhetoric and defend the frontiers of freedom wherever they might be and whatever the cost, and he unwisely chose to do so in Vietnam.

It would be hard to find—apart from Korea—a region where the United States had fewer interests to defend, but it was there that the Kennedy and Johnson administrations believed that American resolution was being tested and that the decisive battle had to be fought. But Vietnam was a battlefield where Wilsonian ideals were as irrelevant as U.S. military power. Realpolitikers like Hans Morgenthau joined hands with pacific isolationists like Noam Chomsky to castigate a policy from which even America's closest allies tried to distance themselves. After five years it was clear that the Vietnam involvement was as much a domestic as a military disaster. In consequence, the American people, without quite knowing what they were doing, elected a president who, much as he admired Woodrow Wilson, shared few of his ideals, and Nixon selected as his

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adviser Henry Kissinger, who shared none of them.

Kissinger has already told us in his memoirs how he tried to manipulate the balance of power to extricate his country from the Vietnamese morass. Although his success in doing so was, to put it mildly, limited, he nevertheless transformed the international scene. He treated the Russians not as criminals but as adults with legitimate interests of their own. He brought the Chinese into play as independent actors in the international system, and he destroyed the specter of "Arab nationalism" by regaining Egypt as a Western-oriented power. This he has already dealt with very fully in the two volumes of his memoirs. Here he summarizes the process succinctly and dispassionately, with remarkably little reference to the part he played. It was hardly his fault that the Nixon era ended in such humiliating disaster, and neither he nor his successors could prevent the Russians from exploiting the American loss of nerve that resulted from Vietnam, Watergate and the U.S. humiliation in Iran. But not only did Soviet triumphalism eventually provoke the Reaganite reaction in the United States, but, Kissinger suggests, it produced the over- extension of Soviet resources that led directly to economic and ultimately political collapse. In spite of the Wilsonian rhetoric and the mistakes to which it led, suggests Kissinger, the United States had actually been applying a doctrine of containment throughout the Cold War, and ultimately it worked. Whatever the flights of Wilsonian poetry in presidential addresses, fundamentally the Americans had been talking the humdrum prose of power politics, and the Soviets always knew it.

THE BETTMANN ARCHIVE

Wilson

Now, Kissinger believes, we are back in a multipolar world. He had tried to create one in the 1970s, with China, Europe and Japan as potential great powers, together with the Soviet Union and the United States, making possible a Metternichian or Bismarckian balancing game. Then only China had been willing to play, or rather China produced in Chou En-lai the only statesman who was willing to play; the Europeans were still too disunited and the Japanese too modest.

Today Kissinger sees better hope of true multipolarity. American military supremacy, though unchallenged, is of limited value in the modern world. Europe and Japan have drawn level as economic powers, and China is likely to do so during the coming century. Without accepting the "declinist" thesis that

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some of his more apoplectic Harvard associates have attributed to Paul Kennedy, Kissinger sees the need for the United States to learn to function as one power in a complex system that it can neither escape nor dominate. The hopes of yet a third new world order in which the United States will be able to impose its pluralist-democratic ideology on a grateful world will go the way of those entertained by Woodrow Wilson and Franklin Roosevelt. Once again America must define her interests and bring them into balance with her resources. "The fulfillment of American ideals," Kissinger concludes, "will have to be sought in the patient accumulation of partial successes." The Clinton administration, which in spite of its necessary rhetoric wants to involve itself as little as possible with the anarchic world beyond the oceans, can only take comfort from such cautious minimalism.

THE BETTMANN ARCHIVE

Kissinger

GOODBYE TO ALL THAT

But if the universalist philosophy of Wilson has been an ignis fatuus, a flicker of marsh gas only leading deeper into the quagmire, does that of Metternich furnish the United States today with more reliable guidance? Power politics (or, as Kissinger insists, geopolitics) certainly provided a necessary framework for statecraft in Europe between its two Thirty Years' Wars, that of the seventeenth century and that of the twentieth century, but how relevant is that experience likely to be to the world of the twenty-first?

My own judgment is: not very. We would not be wise to regard that limited slice of world history as a universally applicable norm and try to project its values onto the far more diverse yet interdependent world of tomorrow. The prescriptions of Richelieu could be as irrelevant as those of Woodrow Wilson, if not more so. During the two centuries between 1650 and 1850 Europe consisted of what political scientists call "perfect states," whose rulers owed no allegiance upward nor, more to the point, downward. They were absolute in their power to conduct foreign, if not domestic, policy. In their largely self-sufficient agrarian economies, transnational interests were minimal. The conduct of foreign policy was in the hands of small elites who, as Kissinger points out, were often interrelated and shared common values; shared more with each other, indeed, than they did with the peoples ruled over by the dynasties they served. For such elites power politics could be conducted as a game of skill. Even if they lost, the consequences were seldom catastrophic, and certainly not for them.

This system was badly shaken by the

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wars of the French Revolution, but not destroyed: it staggered on for another half-century. By 1900, however, it had ceased to work. Political developments within their own countries had destroyed the capacity of the old elites to play nicely balanced games of power politics. Kissinger points out how even within the most autocratic of European states, the Russian Empire, the government was running scared of nationalist public opinion. In Germany the Bismarckian system collapsed less because of the lack of diplomatic skill on the part of his successors than because of an increasingly unmanageable Reichstag. As for Britain . . .

Kissinger is curiously blind to what was happening in Britain in the nineteenth century, and to its consequences. He quotes with understandable approval the statements by Castlereagh, Palmerston and Disraeli about national interests and the balance of power, while regarding their nemesis, Gladstone, as something of an oddball. But Gladstone was the voice of the future, his adversaries that of the past. He was the true avatar of Woodrow Wilson, and he was not alone. He represented a rising tide of liberal internationalism in British public opinion, which by the twentieth century was to become dominant. Edward Grey, Britain's liberal foreign secretary in 1914, knew all about the balance of power and tried, by his alliances with France and Russia, to preserve it. But his efforts had to be almost as covert as those of Roosevelt in 1940: the parliamentary majority to which he was responsible abjured the whole concept of a balance of power. When it supported British entry into the war in 1914, the rationale was not to preserve the balance of power but to protect the neutrality of Belgium and vindicate the rule of law. And the war aim of the British Liberals was the creation of a League of Nations, an idea proposed by the British philosopher Jeremy Bentham and powerfully propagated in the United States by emissaries of the British Union for Democratic Control. The idea of the League may have been, in Kissinger's words, "quintessentially American," but it was far more popular in Britain between the wars than in the United States. If British statesmen between the wars failed to pursue "the national interest" in the traditional fashion laid down by their nineteenth-century predecessors, it was not simply because they were more clumsy and shortsighted. It was because public opinion made it impossible for them to do so.

I make this point, not out of any British chauvinism, but because it indicates a deep flaw in Kissinger's analysis. The model for the conduct of international relations that he holds up for our admiration had simply ceased to work by the beginning of this century, not because of unskillful statecraft, but because the hermetic system in which it had been effective had ceased to exist. The more democratic societies became, the less possible it was for the system to survive. The Wilsonian illusions that Kissinger regards as uniquely American in fact originated outside America and have now spread far beyond, and it is arguable that the more widely they are spread, the less illusory they become. Further, in a world that is now so interdependent, it is questionable whether the concept of a purely "national" interest

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makes sense any longer. Finally—but this takes us into very deep waters—there is now a question mark over the primacy of the state in the international system and its capacity to control those huge economic, social and demographic movements known as transnational flows. Given the prevalence of something like international anarchy, where would a new Metternich begin?

Kissinger's own sagacious prescription is that of all wise old men: *surtout, pas trop de zèle*. It cannot be said that his book furnishes any profound guidance to those who have to pick their way through the new world disorder, but that was hardly its purpose. It is history, on a splendid and massive scale: a magnificent survey, not only of the world in Kissinger's own lifetime, but of that ancien régime from which he derived his values and to which he now looks back with such understandable nostalgia.

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Review Essay

Tales of the Desert

Searching for Context for the Persian Gulf War

Eliot A. Cohen

Crusade: The Untold Story of the Persian Gulf War. BY RICK ATKINSON. Boston: Houghton Mifflin, 1993, 575 pp. $24.95.

The Generals' War. BY MICHAEL GORDON AND BERNARD E. TRAINOR. Boston: Little, Brown, 1994, forthcoming.

Live from the Battlefield: From Vietnam to Baghdad, 35 Years in the World's War Zones. BY PETER ARNETT. New York: Simon & Schuster, 1994, 463 pages. $23.00.

A Woman at War: Storming Kuwait with the U.S. Marines. BY MOLLY MOORE. New York: Charles Scribner's Sons, 1993, 336 pp. $22.50.

It Doesn't Take A Hero: The Autobiography of General Norman H. Schwarzkopf. BY NORMAN H. SCHWARZKOPF. New York: Bantam Books, 1992, 530 pp. $25.00.

The Gulf War appears, in retrospect, a study in emotional extremes disproportionate to its fundamental reality. A relatively weak and isolated Third World country, whose gross national product was perhaps a third the size of the U.S. defense budget, took on the world's only superpower, which was funded by the entire developed world and assisted by several major military powers. Having placed its forces in a hopelessly, and quite literally, exposed set of positions in the desert, Iraq lost ignominiously after five weeks of pounding by air and four days of retreat on the ground. From the vantage point of 1994, the anxieties expressed before the war in somber testimony before Congress about the risks of an American bloodbath on the battlefield, and the exuberant celebrations on Main Street after the war seem not merely

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excessive, but even somewhat bizarre. According to the memoirs of General Schwarzkopf, he and the chairman of the Joint Chiefs of Staff, General Colin Powell, wanted to use the deck of the battleship *Missouri*—the location of the Japanese surrender in 1945—for the Iraqi capitulation. If true, this suggests that it was not only pundits, senators and private citizens who lost their sense of perspective during the war.

LINGERING UNEASE

Despite its overwhelming operational success, the war has left a curious unease about the way it was conceived and conducted, and how it was covered by the media. To make sense of the war at the time one relied, of course, on the press, which inundated the Persian Gulf with hundreds of journalists, ranging from professional war reporters who had spent a generation on the edge of combat to stringers from hometown newspapers eager to hear the rumble of tanks charging across the desert. Most of these journalists were frustrated by the military's system for handling them and by a suite of briefers who looked a lot better than their questioners on television .

Two of the abler journalists have written of their war stints, and their accounts are revealing, although not always in the ways their authors might have hoped. Television correspondent Peter Arnett's memoir devotes barely 80 pages to his experiences covering Baghdad. Most of the discussion deals not so much with the war as with himself and CNN, the television network that employed him. CNN's self-absorption is mirrored by Arnett's. The Gulf War was good for CNN, which reveled in having a correspondent in Baghdad on the air, even if he could not see all that much of interest or cover the Iraqis in a serious way. The network was delighted by the inadvertent commercials offered by air war planners, who confirmed the success of their attacks on the Iraqi electrical grid by watching the lights go out in Baghdad on cable television.

CNN's relentless self-promotion (including preening during air time usually devoted to commercials) helped create the mystique of a ubiquitous Western news service, one that made the conflict transparent to those watching it. Nothing could be further from the truth. Although Arnett was able to see a few sites where bombs had landed, he lacked the linguistic skills, historical expertise, freedom of movement and access to give more than the most superficial of impressions. The thinness of television coverage, not its ubiquity, stands out in retrospect.

Molly Moore's account of her time with the Marines is far more informative about some of the substance of the Gulf War, although it too exhibits modern journalists' fascination with exploring their emotions at the expense of portraying unfolding events. Moore accompanied Marine commander Lieutenant General Walter Boomer throughout the ground war. Boomer, who had served as the head of public affairs for the Marine Corps, well understood the utility of keeping the press close, shrewdly guessing that the Marines would gain an advantage in the battle of public opinion. The Marines, on the slenderest budget of all the services, live by their wits, and in this case as in others they outmaneuvered

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their more conventional colleagues.

Moore's narrative begins with a blast at the rest of the military bureaucracy, which she believes successfully stiff-armed the press throughout most of the war and will try to do so again. The book ends with an (incorrect) assessment of the lethality of air attacks across the front and a screaming match between her and a military audience back in the United States. It is striking that a journalist who received such exceptional access to commanders and their plans came away so bitter and mistrustful toward the armed forces.

THE SWORD AND THE PEN

Journalists and soldiers have long looked askance at one another. William Tecumseh Sherman sourly recalled in his memoirs, "Newspaper correspondents with an army, as a rule, are mischievous. They are the world's gossips, pick up and retail the camp scandal . . . They are also tempted to prophesy events and state facts which, to an enemy, reveal a purpose in time to guard against it . . . Time and moderation must bring a just solution to this modern difficulty." They have not. The Gulf War, moreover, reflected a worsening of the relationship between the press and the U.S. military. Many soldiers, even those who had entered the service after the withdrawal of the last U.S. forces from Vietnam in 1973, shared the view that the Vietnam debacle had stemmed in large part from the malicious and hostile reporting of the American press. For their part, reporters were often dealing with an alien world of which they had no firsthand knowledge before the crisis and which they regarded with suspicion and perhaps some intellectual disdain. Having in most cases isolated the press on the battlefield and outshone them in briefings, officers occasionally gloated at the discomfiture of a profession they neither understood nor respected. But, like the one-sided victory over the Iraqis, the military's victory over journalists may merely pave the way for more ambiguous and harder-fought struggles in future years.

The journalists of the Gulf War did not set it in a larger context, but the significance of the conflict has proved no less elusive to those who have studied it since 1991. Was it a watershed event in military history—the mark of an impending revolution in military affairs—or did it merely confirm the wisdom of betting on big battalions? Was the inability to bring down Saddam Hussein a failure of American policy, or did it reflect cunning calculation that a weakened but intact Baathist regime would serve American interests? It will be years before such questions receive satisfactory answers. Meanwhile, a number of authors have produced serviceable narratives that at least make the war's outlines clear.

PAST PERFECT

The first wave of publications came from journalists, sometimes working in teams, who cobbled together hasty book-length accounts of the Gulf crisis and war, which were soon superseded. The second came from the U.S. government, and included a report by the Department of Defense and the Joint Chiefs of Staff to Congress, as well as various volumes produced by the services. (Having directed one such study, I leave it to others to comment on these efforts.)

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In the past year a third group of studies has emerged from journalists and analysts who not only covered the war but studied it at some length. Rick Atkinson's *Crusade* fills the niche of narrative history well, although there is less of "the untold story" here than the title promises. Atkinson, a fluent if occasionally florid writer, goes in heavily for the anecdotal and technological aspects of the story, although he gives a serviceable account of the crisis and war. The book has attracted attention because of its unfavorable portrait of Norman Schwarzkopf, but this actually occupies little space; combat vignettes and accounts of committee meetings dominate the book. Here, too, contemporary journalistic practice, as exemplified in the works of Bob Woodward, has corrupted the art of historical narrative. Two expedients in particular produce a false sense of omniscience: the practice of presenting the mere recollection of remarks as a quotation (uncited), and the pretense of describing a person's innermost thoughts. All that notwithstanding, Atkinson's book reads well and has an interesting tale to recount.

Some of the war anecdotes are quite telling. Atkinson describes one of the first U.S. pilots taken prisoner shouting to fellow Americans, "If you can hear me, let me remind you what we were told back in Saudi before the war started: there's nothing up here worth dying for." Herein lies one of the major departures of this war, which was also reflected in the injunction of the air commanders to their pilots: "No target is worth an airplane" (the notable exceptions being cases where enemy units are engaged with friendly forces or during search-and-rescue missions). In this and other respects, the pall of Vietnam lay over allied commanders. The generals of the Gulf War had served as field-grade officers in Vietnam. They may have abhorred what they knew or had heard of civilian micro-management of the war, but more quietly, yet no less violently, they despised the military's waste of human life in Southeast Asia. They came away from Indochina cynical about politicians and political purposes, but determined to conduct the next war competently, violently and fast. As part of the retooling of the American military after Vietnam, they invested themselves emotionally in the welfare of the rank and file to a degree unprecedented in American history. If a choice came between the lives of their soldiers and a margin of political advantage at war's end, the former would win every time. Thus, Atkinson's title is perverse: it was the commanders' refusal to think of the war as a crusade that shaped their tactics, their operational style and the way the war ended.

TOO SERIOUS FOR GENERALS

Michael Gordon and Bernard Trainor's forthcoming book, *The Generals' War*, which focuses more on high-level decision-making, makes this case eloquently and offers the most comprehensive and probing examination thus far of the Gulf War's strategy and operations. It is likely to remain for some time the best single volume on the Gulf War. If Atkinson attempts to cut Schwarzkopf down to size, Gordon and Trainor set their sights on the hitherto untouchable chairman of the Joint Chiefs of Staff, General Colin

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Powell. They document Powell's initial reluctance to fight the war and assign him a fair amount of the blame for its premature conclusion and the resulting escape of more than 50 percent of the Republican Guard, Saddam Hussein's praetorians and the bulwark of his regime. This takes courage, given that Powell had become an unassailable figure by the end of his tenure in office. Here and in an article of the spring 1994 issue of *The National Interest* by Richard Kohn, one of the country's leading military historians, one sees the beginning of an overdue critical assessment of Powell's role in the Pentagon.

Beyond this, Gordon and Trainor put together the larger picture of the war. They point out that the Khafji fighting of January 29-31 represented a major Iraqi attempt to start a ground battle—which neither American journalists nor the high command understood at the time (Schwarzkopf, judging by his memoirs, still does not). They make a convincing case that each of the services, despite the rhetoric of joint action that pervaded the public presentation of the war, fought its preferred version of the war. They describe particularly well the way in which a military machine designed largely for a Europe-centered conflict with the Soviet Union applied the same style of warfare to different, and in many ways far less demanding, circumstances. The great wheeling left hook of the American movement on the ground, which centered on the movement of U.S. Army VII Corps (deployed from Europe in the nick of time to launch the ground war), moved at a plodding pace that drove Schwarzkopf to distraction. But VII Corps did so in large part because it conceived of the enemy as Soviets who spoke Arabic, a force against whom deliberate operations by massed forces were required. Schwarzkopf himself, as his anxiety about heavy casualties indicates, shared this view, at least initially.

Much of what Moore and other journalists ascribed to unnecessary manipulation of the news before and during the war, and unseemly braggadocio after it, merely reflected the military's own exaggeration of the powers of the Iraqi army. The military felt strongly the need to deceive the enemy (if necessary by using the press) before the war, and was understandably exultant in its aftermath. Very few people on the American side had a comprehensive picture of what motivated the Iraqi regime or how effective its government and military were likely to be. None of the books under review here gives a convincing account of the Iraqi decision to invade Kuwait or of Iraqi calculations (such as they were) throughout the crisis and war. This reflects primarily the extreme difficulty of obtaining either interview or documentary material that would adequately illuminate Iraqi decisions and intentions. But it also reflects the peculiar way in which the United States and its allies fought an enigmatic, if villainous, foe. Iraqi secretiveness and the passivity of the Iraqi military during much of the war contributed to the oddly one-dimensional picture of the war we still have. One cannot help but note, the American government's difficulty in coming to grips with a political and cultural system as alien as that of Baathist Iraq. Atkinson's recounting of the ill-fated conversations between the Ameri-

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can ambassador in Baghdad and Saddam Hussein show how pervasive this failure was on the eve of the Kuwait crisis.

HUGGING THE BEAR

The personality and character of Norman Schwarzkopf—known to his troops as "the Bear" and to editorial writers as "Stormin' Norman"—come under closer scrutiny in these more recent works. Atkinson, in particular, reveals much more of the general view of Schwarzkopf within the army: an irascible, volatile, insecure bully. At least once, and perhaps on more occasions, his superiors considered relieving him; that they did not reflects the extraordinary degree of control that General Powell exercised over his emotional subordinate. Indeed, by Schwarzkopf's own account as well as Gordon's and Trainor's, the chairman, although in theory merely a conduit between Schwarzkopf and the civilians, ran the war.

Schwarzkopf's memoir, although a terrific commercial success, is an unreflective work. There is an interesting contrast to be made with Admiral Sandy Woodward's *One Hundred Days: The Memoirs of the Falklands Battle Group Commander,* which gives a far more thoughtful account of high command in a chancier campaign a decade earlier. For Schwarzkopf, however, as for many other senior participants, the story of the Gulf War is a straightforward triumph, not to be blemished by overmuch brooding on the disputes and hesitations of the runup to the war and its conduct.

Although Schwarzkopf fancied himself an expert on Arab affairs, his own account suggests the reverse. He warns his superiors that Arabs will not accept unconditional surrender—"they will die first"—although plenty of Arab (and, for that matter, European) armies have yielded to such conditions. After insisting that the Iraqis would be brought to heel in the negotiations, he acquiesced to their insistence that American military police search him for weapons before he entered the negotiation tent. To be fair, Schwarzkopf's permission to the Iraqis to conduct armed helicopter flights after the ceasefire, which paved the way for the brutal crushing of the Shiite insurrection in the south, stemmed in large part from an absence of clear direction from the top. The civilian leadership appears not to have given much thought to surrender terms, nor indeed to the overall shape of the peace settlement it wanted. Schwarzkopf, moreover, despite his flaws, knew how to preserve the unwieldy coalition President Bush had created, which was no small achievement. If he betrayed throughout a deep reluctance to take casualties (he hints, for example, that he and his chief of staff would have accepted an eleventh-hour Soviet proposal to end the war before a ground attack began), he no more than shared a common military attitude. If he mistrusted, and in some cases despised, his civilian superiors, he again simply epitomized a tension between soldier and statesman that had become ingrained in the American military since Vietnam.

BURNISHING A VICTORY

The uncomfortable conclusion one might reach in reading these books about the Gulf War is that the United States blundered into this conflict after

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pursuing a misguided and ill-informed policy vis-à-vis Iraq and that it won a war that it feared more than it ought, with forces that overwhelmed the enemy more by their size and weight than by the adroitness of their tactics and operations. Such a harsh judgment, however, would miss an important part of the truth. Few commercially published books will give proper and deserved attention to the more notable technical successes—the aviators' intricate demolition of the Iraqi air defense system or the ground forces' carefully planned artillery raids, to take only two examples. Nor do most civilians appreciate the magnitude of the logistical achievement of the United States and its allies. Still, the cumulative effect of postwar writing has been to diminish the luster of a victory that looked well-nigh perfect in the spring of 1991.

Such revisionism, which has yet to run its course, will probably go too far. There are two tests of American military performance in the Gulf War. One is the astonishingly low casualty rate suffered for the magnitude of destruction inflicted on the enemy. The other is the likely shape of Persian Gulf politics had the war not been fought. That Saddam Hussein survived to persecute the Kurds of northern Iraq and the Shiite Arabs of southern Iraq is unfortunate, but it will be years before Iraq again poses a threat to world oil supplies or to the sovereignty of its neighbors. Nor is it likely to burst on the world armed with nuclear weapons in this decade, as would almost surely have occurred absent the war.

The soldiers and statesmen who won the Gulf War made their share of blunders, stretched or obscured the truth and occasionally forgot their dignity in squabbles and fits of temper. They were not exceptional leaders. But they performed the tasks before them and did so, by and large, with competence more than adequate to the challenges they faced. For that they deserve much, if not all, of the praise they have received.

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Recent Books on International Relations

Political and Legal

FRANCIS FUKUYAMA

Borderlands: Nation and Empire. BY SCOTT MALCOMSON. Boston: Faber and Faber, 1994, 249 pp. $22.95.

Malcolmson travels to several of the nations constituting the post-Communist world order—Romania, Bulgaria, Turkey, and Uzbekistan—providing a bittersweet chronicle of the demise of communist dictatorships and the rise of nationalism and intolerance in its place. The author brings considerable journalistic and literary talents to his descriptions of places and people devastated by ethnic conflict and provides a vivid and personal picture of the new nationalism. In particular, he usefully integrates a good deal of historical material in his talks with East European contemporaries.

Blood and Belonging: Journeys into the New Nationalism. BY MICHAEL IGNATIEFF. New York: Farrar, Straus & Giroux, 1994, 208 pp. $21.00.

Ignatieff, a journalist, has compiled a fine, perspicacious account of his political journeys into six politically or militarily embattled regions: the former Yugoslavia, the new Germany, the newly independent Ukraine, French Quebec, Kurdistan's "Republic of Fear" and Northern Ireland. Nobody is more qualified to write such a book than this cosmopolitan sociologist and novelist, whose father was Russian and who has lived in Canada, the United States, Britain and France. It is a marvelous work that shows the diversity, complexity, agonies and horrors of nationalism with greater depth and insight than most, if not all, academic treatises and does so in elegant, passionate and memorable prose.

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Beyond Machiavelli: Tools for Coping with Conflict. BY ROGER FISHER, ELIZABETH KOPELMAN AND ANDREA KUPFER SCHNEIDER. Cambridge: Harvard University Press, 1994, 144 pp. $16.95.

This slim volume, the latest product of the Harvard Negotiation Project, is a kind of cookbook for conflict resolution, providing a checklist of how-to steps reflected in chapter titles like "Step Into Their Shoes" and "Formulate Good Advice." The authors believe that these rules will work for all sorts of conflicts, from marital disputes to ethnic conflict in Bosnia. While some of these rules are simply commonsensical, there is a hidden assumption throughout this book that all conflicts can and ought to be resolved, and that they are best resolved through compromise. These assumptions may be generally valid in a liberal society, and for international society to the extent that it resembles liberal society. But the problem in many negotiations is knowing when no agreement is better than a bad agreement; on this, no book of negotiating tactics can provide much help. I suspect Machiavelli will rest easy.

Identity, Politics & Women: Cultural Reassertions and Feminisms in International Perspective. EDITED BY VALENTINE M. MOGHADAM. Boulder: Westview Press, 1993, 458 pp. $59.00 (paper, $17.95).

The premise that "identity politics"—concern with gender, religion, race and nation—has replaced the issue of class as the central focus of politics around the world is the starting point for this collection of essays. It is of particular interest because many of the 13 case studies of gender politics are of Muslim or South Asian countries, where the feminist agenda often clashes head-on with the local religious or nationalist agenda and where the reassertion of cultural identities against the West often comes at the expense of women. This book is valuable for describing these clashes in detail; it would have been much better, however, had it acknowledged more forthrightly the internal contradiction between feminism and opposition to the imperialism of universal Western values.

Ecofeminism. BY MARIA MIES AND VANDANA SHIVA. Atlantic Highlands: Zed Books, 1993, 328 pp. $55.00 (paper, $19.95).

As its title suggests, "ecofeminism" is the union of the feminist and environmentalist agendas. The authors begin with the premise that all bad things (e.g., capitalism, patriarchy, uniformity, violence) have a common root and that assaults against women and assaults against nature are two sides of the same coin. The former supposition might seem dubious in view of the fact that it is primarily wealthy capitalist countries that produce meaningful feminist and environmental political movements. Many of the book's indictments against patriarchy and capitalist development might better be laid at the doorstep of nature, which is perhaps less benevolent than the authors assume. The book is, however, highly original in its formulation of issues for the New World Order.

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Justice and the Genesis of War. BY DAVID A. WELCH. New York: Cambridge University Press, 1993, 335 pp. $49.95.
This work takes aim at the assertion that wars are caused by conflicts over power and interest alone, in which arguments about justice and right are only excuses for the pursuit of national self-interest. Tracing the impact of arguments about justice in the origins of five major international conflicts, the author concludes that in all but one moral claims played a key role in moving the parties to war. He is critical of the narrow view of man, implicit in realism, as selfish and fearful. Rich in historical detail, this book argues that the tendency of social scientists to avoid or downplay moral or normative arguments detracts from their ability to understand the world accurately, since political actors are themselves suffused with views about right and wrong.

Security Without War: A Post-Cold War Foreign Policy. BY MICHAEL H. SHUMAN AND HAL HARVEY. Boulder: Westview Press, 1993, 318 pp. $59.50 (paper, $18.95).
Shuman and Harvey lay out a clear-cut, if somewhat predictable, progressive foreign policy agenda for the post-Cold War order. It is one based on multilateralism and U.N. collective security, promotion of democracy, arms control, environmental protection, grass-roots participation, sustainable growth, and "non-provocative defense." The two authors were very uneasy with American foreign policy during the Cold War and Gulf War, including its record on intervention and the "nondemocratic" way in which U.S. foreign policy has been formulated. Many of the agenda items here, such as easing the Latin American debt crisis, reversing America's economic decline relative to Japan, ending deep strike conventional war strategies, and trimming the defense budget, have already been overtaken by events.

Minorities at Risk: A Global View of Ethnopolitical Conflicts. BY TED ROBERTSON GURR. Washington: United States Institute of Peace Press, 1993, 427 pp. $32.95 (paper, $19.95).
This study, commissioned by the U.S. Institute of Peace, is a comprehensive survey of 233 different minority or communal groups around the world that methodically analyzes their geographic distribution and their economic, political and cultural situations. It attempts to answer questions such as why minorities rebel and what steps can be taken to settle ethnopolitical conflicts. The methodology is quantitative. While there are individual chapters on regions like Eastern Europe and the Middle East, this book will be more valuable for its completeness and scope than for its detail.

Beyond Charity: International Cooperation and the Global Refugee Crisis. BY GIL LOESCHER. New York: Oxford University Press/Twentieth Century Fund, 1993, 260 pp. $35.00.
International Migration Challenges in a New Era. BY DORIS M. MEISSNER AND OTHERS. New York: The Trilateral Commission, 1993, 116 pp. $9.00 (paper).
Loescher presents a balanced and well-documented account of the world refugee crisis and the international mechanisms

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currently in place for dealing with it. The author provides a history of earlier international efforts at refugee assistance and pays special attention to the development of the office of U.N High Commissioner for Refugees. Noting a persistent bias in past U.S. policy toward refugees from communist countries, the author sees the end of the Cold War as an opportunity to rethink the institutional structure of refugee relief both in the United States and internationally. He makes a wide range of concrete suggestions, from multilateral efforts to deal with the political and economic root causes of refugee flows to detailed changes in the structure of various refugee relief agencies.

The Trilateral Commission volume is somewhat broader insofar as it deals with migration per se and not just refugees, but covers much of the same ground in a more compact form. It, too, is critical of many industrialized countries for their increasing intolerance of immigrants and failure to assimilate them properly, and calls for efforts to remedy the root causes that lead people to leave home. As in the case of the Loescher volume, there is some question whether promoting economic development is really a solution, since migrants often come not from the most impoverished countries but from rapidly developing ones that have a web of existing ties to the industrialized world. The book also sidesteps questions such as whether bilingualism promotes or retards assimilation. Nonetheless, an informative and useful study.

Perilous States: Conversations on Culture, Politics, and Nation. EDITED BY GEORGE E. MARCUS. Chicago: Chicago University Press, 1994, 381 pp. $54.95 (paper, $18.95).

The first in a series of planned annual meditations on the fin de siècle, this volume consists of conversations between cultural anthropologists of a mostly post-modernist bent and a variety of literary, intellectual, and political figures in the former communist world. And what hopeful new forms of cultural creation arise out of the rubble of an exhausted modernity? Shamanism, Russian chauvinism, and anti-Semitism, among other things. This volume is useful as a kind of unedited primary sourcebook, containing interviews with contemporary Russian nationalists like Aleksandr Prokhanov and Vadim Kozhinov that provide striking vignettes of post-communist thought. The interviewers' post-modernist commentary is likely to bewilder most readers and leave them longing for old-fashioned modernism.

Openness and Foreign Policy Reform in Communist States. BY GERALD SEGAL. New York: Routledge/London: Royal Institute of International Affairs, 1992, 248 pp. $59.95.

This volume studies the process of foreign policy reform in six communist or formerly communist countries: the Soviet Union, China, Vietnam, Hungary, East Germany, and North Korea. Like many recent books on the communist world, the project was begun before 1989 and the topic is, for several of the countries

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involved, now only of historical interest. The book concludes that there are few generalizable patterns of reform as communist states move toward openness along several different axes—economic, security, and ideological—and suggests that there may be an Asian communist pattern quite different from that in Europe.

Fires Within: Political Violence and Revolutionary Change. BY PETER C. SEDERBERG. New York: HarperCollins College Publishers, 1994, 396 pp. $20.50 (paper).

While this book contains two historical case studies, of the Vietnamese and Iranian revolutions, the bulk of it develops a "theory" of political violence. It is of primary interest as a broad if somewhat unfocused survey of the literature on revolutionary change.

Economic, Social and Environmental

RICHARD COOPER

Japanophobia: The Myth of the Invincible Japanese. BY BILL EMMOTT. New York: Times Books, 1993, 261 pp. $25.00.

The author, editor in chief of *The Economist* and its former Tokyo bureau chief, has been provoked by what he calls the Michael Crichton school of thought about Japan, which holds that the Japanese are ruthless and regard trade as war designed to drive out competition, and that, in self-defense, Washington should take actions to restrict Japanese investment in the United States.

This book is a sober analysis of Japanese direct investment in the United States and Europe—that is, investment that involves management control, achieved either by building a business or acquiring an existing one. The author attempts to discover whether Japanese businesses really are different, at least in their overseas investments, and what the sources of the differences are.

He does not have to address the second question seriously, for he finds a wide variety of experience with Japanese firms operating in the United States and Europe, with average characteristics that are not especially surprising. The book contains lively case studies of Japanese overseas investment in automobiles, movie-making, tires, banking and finance. While Japanese overseas operations have been notably successful in automobile manufacturing, it would be a mistake to generalize from that case alone. In particular, many Japanese firms do not yet seem to have found the right balance between importing management techniques and adapting to local conditions.

A second source of information is a survey of 150 Japanese affiliates in Europe and America, designed to facilitate comparison with responses to a similar survey made in the 1950s of American affiliates operating in Britain, many of them new arrivals. The results of the contemporary survey debunk a number of contentions about Japanese affiliates, e.g., that they do no R&D overseas. And the comparison with the older survey of American affiliates is noteworthy for the strong similarities—65 percent of Japanese firms reported that they

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were strongly or partly controlled from the home office; the corresponding response from American affiliates in Britain in the 1950s was 72 percent.

With Japan ailing from a recession and weakened financial system, one would expect substantial, fierce reappraisal of the Japanese prowess proclaimed several years ago, at the peak of their overseas expansion. This book foresees economic recovery and revival in Japan. But it also finds that Japanese businesses overseas are struggling with most of the same problems as businesses in other nations. They sometimes provide useful lessons and always provide useful competition. But they are not likely to overwhelm others, and there is no compelling reason to treat them differently.

Economic Vulnerability in International Relations: East-West Trade, Investment, and Finance. BY BEVERLY CRAWFORD. New York: Columbia University Press, 1993, 283 pp. $55.00 (paper, $17.50).

The disintegration of the Soviet Union and the divulging of many of its secrets will make available additional evidence relevant to the vigorous and impassioned debates in the West over the desirability of pursuing Soviet commerce during the height of the Cold War. This book unfortunately does not draw on Russian sources to illuminate this question, but it does a fine job of delineating the issues of economic vulnerability among potential adversaries and reviewing the evidence available in the West on issues that were contentious. In particular, Crawford examines the impact on the Soviet economy of imports of technology-laden products and joint ventures with Western firms, the vulnerability of Europe arising from imports of Soviet gas, and the impact on both borrowers and lenders of the substantial buildup of hard currency debt, especially in Eastern Europe.

Crawford finds that the Soviet economy did not benefit significantly from Western technology for a variety of reasons, but chiefly because new technology could not easily be spread throughout the Soviet planned economy. It thus failed to stimulate the countless pressures and incremental improvements that occur in a competitive market economy.

Crawford reports a consensus among specialists that restrictions imposed by the Coordinating Committee on Multilateral Export Controls (COCOM) on militarily relevant products succeeded in slowing the advance of Soviet military technology. But she makes an interesting case that the Reagan administration's efforts to tighten COCOM controls by much more than Europeans were willing to accept actually led to the worst known violation of those controls, the infamous Toshiba sale to the U.S.S.R. of a milling machine that could produce (with Norwegian software) high-quality submarine propellers. The case, she argues, weakened COCOM's legitimacy in the eyes of private manufacturers, whose cooperation was ultimately required to enforce the regime.

A European vulnerability arising from purchases of Soviet gas was grossly exaggerated by opponents, Crawford finds. And she unpersuasively finds a

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high, mutual risk from large loans, which were reasonably well managed because they were in the interests of both creditors and debtors.

The author speculates on the motives for exaggeration of Western vulnerability to economic intercourse with the U.S.S.R., especially during the first term of the Reagan administration. But she neglects the most likely one: some officials, including a number of émigrés, were waging a private war with the Soviet Union that was neither accepted nor acceptable as national policy.

Health Care Policy & Politics: Lessons from Four Countries. EDITED BY ROBERT B. HELMS. Washington: The AEI Press, 1993, 55 pp. $7.75 (paper).

This book offers a brief description and evaluation of the health care systems of Canada, Germany, the Netherlands and the United Kingdom, with an eye to possible lessons for the United States. All are less expensive and command more public support than the U.S. system. But each has its weaknesses, and each has features that could be transplanted to the United States only with difficulty: capital budgeting for most equipment, effective price controls on physicians, a lack of physician accountability and discouragement of medical innovation. No easy lessons here, but useful perspectives on the health care debate that will occur in the United States.

Nuclear Renewal: Common Sense about Energy. BY RICHARD RHODES. New York: Viking, 1993, 127 pp. $17.50.

Seeking to revive public discussion of nuclear energy, this short, highly readable book reviews the history of commercial nuclear energy in the United States, emphasizing its demonstrated low risks after 30 years' experience compared with both coal-fired electricity generation and many everyday activities. Rhodes also examines the successful experience with nuclear energy in Japan and France, both of which can construct and install nuclear reactors economically in less than six years, as well as the accidents at Three Mile Island and Chernobyl. Waste disposal is found to be a much exaggerated problem, and the next generation of nuclear reactor, a breeder, is likely to be even safer and will generate less waste than today's pressurized water reactors. Protection against proliferation of plutonium with widespread use of breeders is touched on, but is not discussed as much as the issue warrants.

The Political Economy of Policy Reform. EDITED BY JOHN WILLIAMSON. Washington: Institute for International Economics, 1994, 596 pp. $25.00 (paper).

The most dramatic event of the early 1990s was the collapse of the Soviet empire and the disintegration of the Soviet Union. But more important for many people around the world was the dramatic change in economic philosophy and policy that occurred in dozens of countries during the late 1980s and early 1990s, including several former communist countries. The change was the major shift toward and acceptance of what has been called the Washington consensus: "orthodox" macroeconomic policy, deregulation, trade liberalization, privatization and generally greater reliance on market

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forces and integration with the world economy. The process has seen some setbacks, but it continues.

Williamson gathered a number of participants in this economic shift from 15 countries—so-called technopols, i.e., persons trained in economics who later became politicians and policymakers. He asked them to reflect on several questions concerning their experiences. Why did the Washington consensus come to be accepted where its elements had previously been rejected in favor of statism in various degrees? How were many programs that would hurt some segments of society, at least in the short run, made politically acceptable? Where the reforms were not fully consolidated, what were the obstacles and the reasons for setbacks? The results, published with commentary by specialists in both the economics and the politics of economic reform, make fascinating reading.

Military, Scientific and Technological

ELIOT A. COHEN

A World at Arms: A Global History of World War II. BY GERHARD L. WEINBERG. New York: Cambridge University Press, 1994, 1,178 pp. $34.95.

Writers of puffs and press releases have devalued the term magisterial, which is a pity, because this remarkable volume deserves it. Weinberg, the author of a profound two-volume study of Nazi foreign policy and many other works on World War II, has written an outstanding history of the greatest war in history. In somber and powerful prose he lays out the origins, course and consequence of the war in a way that will benefit even those quite familiar with the struggles of 1939-45. Understandably, perhaps, he pays greater attention to the European than the Asian theater, but in both cases he combines compelling politico-strategic narrative with astringent analysis. His treatment of the foreign policy of the main (and some of the minor) contenders is superb; so are his discussions of the strategic failings of the German military in a war whose blunders are often attributed solely to Hitler. Although fellow historians will quarrel with certain interpretations and matters of emphasis, many years will pass before any of them write a better book. Two practical drawbacks bear mentioning: the number and quality of maps is wanting, and its unwieldiness is a disservice to readers. A two-volume set should have been the vehicle.

Who Will Fight the Next War? The Changing Face of the American Military. BY MARTIN BINKIN. Washington: The Brookings Institution, 179 pp. $31.95 (paper, $12.95).

The author perennially prepares slender volumes such as this one on American manpower policy. Bedecked with statistics and graphs, they do not make for light reading, but their combination of thoroughness and dispassionate analysis provide an essential grounding for those interested in current manpower issues.

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This book has even more to offer, because it deals admirably with two sensitive issues—the introduction of women into combat roles and the role of black Americans in the military. The import of the evidence he adduces on the former issue in particular may displease those who eagerly anticipate the day when women can volunteer for the infantry. A good place to look for a fair and balanced treatment of some difficult issues.

War and Anti-War: Survival at the Dawn of the 21st Century. BY ALVIN AND HEIDI TOFFLER. New York: Little, Brown & Company, 1993, 302 pp. $22.95.

The rhetorical formula is familiar: breathless paragraphs (a few of normal length followed by an ominous one-sentence kicker), interviews with odd and interesting experts (war heroes dying of cancer, special forces veterans who have seen it all, hyperkinetic journalists on the electronic warfare beat) and scads of seemingly recondite facts (e.g., the number of shells fired by the British against Egyptian forts in 1881). When applied to the topic of war, the result is a book that contains any number of inaccurate or sloppy generalizations (an F-117 with one bomb can supposedly do what it took 4,500 B-17s to do in World War II) about war's past and present and probably, therefore, about its future. U.S. soldiers in remarkably large numbers, however, are reading the book, which suggests two things: first, military people sense that some large change is afoot; second, the usual constellation of defense analysts has not yet characterized it very well.

Assassination in Khartoum. BY DAVID A. KORN. Bloomington: Indiana University Press, 1993, 262 pp. $24.95.

Korn has written a fast-paced and absorbing account of the murder of two American diplomats held hostage in the Saudi embassy in Khartoum in 1973. This is a narrative, plain and simple, but it has two motifs. The first is the character and intellectual formation of that type of foreign service officer the author calls Arabist. Unintentionally, perhaps, the author has sketched a not entirely flattering portrait. The second theme is that of antiterrorist policy. In Korn's view the United States government rigidly, even callously, pursued a policy of not compromising with terrorists. Yet it failed to do enough afterward to make the perpetrators pay for their crimes. The author describes the rather different policy of Israelis, an offstage presence here, who seem to negotiate when necessary and avenge when possible. Three of the four key leaders of the Black September group, which masterminded the operation fell to their bullets and bombs; the fourth died at the hands of fellow Palestinians.

Silent Warfare: Understanding the World of Intelligence. BY ABRAM N. SHULSKY. REVISED BY GARY J. SCHMITT. Second edition. Washington: Brassey's, 1993, 286 pp. $20.00.

Simply the best primer on intelligence now and for some time to come. The author and editor, who combine academic expertise and policy experience, have put together a concise and logically ordered account of the main areas of intelligence, including collection, analysis, covert action, counterintelligence

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and management. Shulsky and Schmitt take a dim view of what they consider to be the standard American conception of intelligence, namely, a social science. Rather, as the title indicates, they believe that intelligence is a struggle to hide, uncover or manipulate secret information. Even those who disagree with their argument will find it necessary to come to terms with it.

The AEF and Coalition Warmaking, 1917-1918. BY DAVID F. TRASK. Lawrence: University Press of Kansas, 1993, 235 pp. $29.95.

Another entry in the outstanding Modern War Studies series of the University Press of Kansas, this book offers a shrewd and judicious assessment of American strategy and operations in World War I. In company with other recent historians, Trask gives low marks to General John Pershing, commander of the American Expeditionary Force, and considerably higher grades to President Woodrow Wilson. More than a mere historical monograph, this is a concise but thoughtful assessment of America's first modern coalition war.

Critical Mass: The Dangerous Race for Superweapons in a Fragmenting World. BY WILLIAM E. BURROWS AND ROBERT WINDREM. New York: Simon & Schuster, 1994, 573 pp. $25.00.

This book—which alternates in tone between shrill moralism and technical fascination—offers a survey of the spread of weapons of mass destruction and some of the means of their long-range delivery. All of the usual suspects show up: Palestinian terrorists dreaming of intercontinental ballistic missiles, Russian arms dealers out to make a quick buck, Gerald Bull in pursuit of the ultimate long-range cannon, the slippery bankers of BCCI, Saddam Hussein in quest of regional hegemony, and secretive South African nuclear physicists, among others. There is a lot of interesting material here, although the citation is sloppy and often refers to "well-placed sources" or reportage that has come in for severe criticism (Seymour Hersh's account of the Israeli nuclear program in *The Samson Option,* for example). In a curious and unconvincing mixture of credulity and panic, the book concludes that "mutual trust must therefore replace mutual assured destruction everywhere."

Reducing Nuclear Danger: The Road Away from the Brink. BY MCGEORGE BUNDY, WILLIAM J. CROWE, JR., AND SIDNEY D. DRELL. New York: Council on Foreign Relations Press, 1993, 107 pp. $14.95.

This hardbound book (really, three chapters) offers a clear and concise version of the centrist-liberal view of nuclear strategy after the Cold War. The title of one section—"Sustained Cooperation for Controlled Moderation"—gives the flavor of their anodyne analysis. The solution to nuclear weapons in the former Soviet Union is arms control and the nuclear disarmament of all states save Russia; the proper reaction to proliferation is American support for the Interna-

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tional Atomic Energy Administration and the United Nations. More vigorous measures are either notable by their absence (preemptive attack à la Osirak) or included as a seeming afterthought (strategic defenses). This light read offers a quick way of getting a fix on the Clinton administration's conventional wisdom on nuclear weapons.

The United States

STEPHEN E. AMBROSE

Henry R. Luce: A Political Portrait of the Man Who Created the American Century. BY ROBERT E. HERZSTEIN. New York: Charles Scribner's Sons, 1994, 495 pp. $30.00.

For anyone who likes political gossip, intrigue and manipulation; for anyone who is interested in the history of journalism and the mass media; for any student of American foreign policy; for anyone who enjoys reading about World War II, this is a fabulous book. Herzstein a history professor at the University of South Carolina, has done a job that a team of researchers at *Time* would envy. His findings, deft writing style and considerable skill as a storyteller combine to produce a book that is wonderful fun—if you liked Luce and hated F.D.R.

Henry Luce, born in China the son of a missionary, had a mission—summed up in his famous prediction/proclamation/description of "the American Century." He wanted the United States to emerge from World War II strong enough to spread Christianity and American capitalism and democracy around the world. He was a practical businessman, founder of three great magazines and the ultimate do-gooder. His dream did not come true, and by the 1950s he regretted the phrase.

As one who molded foreign policy and as a reformer he nevertheless had an impact. Herzstein points out that in 1950 the American people embraced policies, supported through the years by Time, Inc. that would have seemed outlandish to them ten years earlier, and that therefore "Luce could take some pride in partisan support for a huge, permanent military establishment; for seemingly eternal alliances in Europe and Asia; for global intervention in the affairs of far-off peoples; for the dispatch of foreign aid to developing countries; and for the export of food to a myriad of hungry nations." The title is misleading. This is not a biography, nor a full-fledged portrait of Luce in politics, and Luce did not create the American Century, he just named it. The book is about the war between F.D.R. and Luce. They had titanic clashes, sometimes over trivial things, sometimes over the most fundamental policies.

Before Pearl Harbor, Luce was pushing Roosevelt to get into the war; during the war, Luce was pushing Roosevelt to do more for China. There were many other issues that divided them. In most cases, Herzstein is on Luce's side. He almost gives the impression that Luce was barely able to win the war because of F.D.R.'s interference. Then he catches himself and reminds the reader that while *Time, Life* and *Fortune* obviously played a major role in the formation of public opinion, they were hardly running the country.

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Herzstein goes into great detail about F.D.R.'s refusal to allow Luce to go to China during the war. F.D.R.'s motives were petty but the consequences, Herzstein speculates, were massive. Because reporter Theodore White did not have the chance to show Luce around Chiang's China so that he could see the rot and corruption for himself, Luce remained wedded to Chiang as China's only hope. Because of Luce's misperception of Chiang, he clung to policies toward China that were inappropriate to the situation and culminated in disaster. For Luce there could be no American Century without a free China. Indeed, Herzstein notes that Luce's commitments, in order of importance to him, were Christianity, the American mission to the world, China, journalism and the Republican Party.

Dean Acheson and the Making of U.S. Foreign Policy. EDITED BY DOUGLAS BRINKLEY. New York: St. Martin's Press, 1993, 271 pp. $49.95.

A compilation of ten essays by senior scholars on American foreign policy on the subject of Dean Acheson, this volume grew out of a 1989 conference at the the Paul H. Nitze School of Advanced International Studies at the Johns Hopkins University. The theme was best expressed by Nitze himself, who told the conference, "The happiest and most productive years of my life were those from 1947 to January 1953, when I was among those working closely with Dean and creating the modern world." Although criticism of Acheson is scattered through the volume, James Reston set the tone when he remarked that the Truman Doctrine and the Marshall Plan were misnamed: "They should obviously be called the Acheson Doctrine and the Acheson Plan."

In the view of the authors it is hardly possible to be excessive in admiration for Acheson. And of course there can be no doubt about his importance, which he took care not to overstress when he entitled his memoirs *Present at the Creation* rather than *My Creation*.

Nonetheless, Forrest Pogue's wonderful essay on Marshall and Acheson provides a bit of a corrective to the statement that the "Acheson Plan" would be a more accurate name. He notes that the Marshall Plan was not a light bulb kind of idea of Marshall, Acheson or anyone else. It was in the air. It was obviously necessary. Acheson helped get it going, but Pogue makes it clear that without Marshall, neither Acheson nor Truman nor anyone else could have gotten congressional approval. How high was Marshall's reputation? Pogue relates that when Truman sent Marshall's nomination as Secretary of State to the Senate Foreign Relations Committee, Arthur Vandenberg called the committee into session and told it to approve the nomination without a hearing. He then arranged for full Senate approval the same day. That Acheson won Marshall's highest approval was his greatest compliment. Pogue shares an Acheson oral history and prints Acheson's letter to Marshall when Acheson became secretary. This alone is worth the price of the book.

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Time and Chance: Gerald Ford's Appointment with History. BY JAMES CANNON. New York: HarperCollins, 1994, 496 pp. $25.00.

James Cannon brings strong credentials to this biography. A political reporter for *Time* and *Newsweek,* among other publications, he has also served as adviser to New York Governor Nelson Rockefeller, U.S. Senate Majority Leader Howard Baker and President Gerald Ford. He does not disappoint; this is a fine biography—so far as it goes—and a major contribution to the literature on Watergate and its aftermath. The biographical section, covering Ford's life up to 1974, is a solid and insightful body of work. Cannon proceeds to an exhaustive, and generally convincing, account of Richard Nixon's selection of Ford for the vice-presidency and Ford's decision to pardon Nixon. But there he stops. There is the briefest of essays on the Ford administration, most of it written in the breathless manner of press releases from the White House. Foreign policy gets four pages, all of it in praise of Ford. It is a pity that Cannon stopped his writing and suspended his judgment when he got to the presidency. Had he carried on for another couple of hundred pages and covered the presidency with the thoroughness and objectivity of the previous 400 pages, he would have produced the standard biography of the 38th president, instead of just the standard account of the appointment and the pardon.

Behind the Throne: Servants of Power to Imperial Presidents, 1898-1968. EDITED BY THOMAS J. MCCORMICK AND WALTER LAFEBER. Madison: University of Wisconsin Press, 1993, 271 pp. $45.50.

In this slim volume, eight students of Professor Fred Harvey Harrington honor him with the publication of original articles on a common theme, foreign policy advisers to presidents. That he was a great teacher is obvious, as his students have uniformly gone on to prominence in their field; that he was a powerful personality is also obvious, as his students generally adopted his methods and interpretations.

Harrington taught at the University of Wisconsin in the 1940s and 1950s. He was a disciple of Charles Beard, and thus terribly unhappy with the consensus school of American history that dominated in the post-World War II years. He wrote and taught from a Progressive—that is to say, critical—point of view, buttressed by a commitment to democracy. He was concerned with power, contention and economics.

That Beardian, Progressive emphasis led to William A. Williams, Harrington's most famous student, founding the New Left in diplomatic history, which held that foreign policy was not the result of idealism or ideology but interests. More specifically, the interests were those of the great corporations, which were motivated by their needs for overseas markets and raw materials. Thus the key to American foreign policy in this century was the need for an Open Door.

Some of the things Harrington's students have in common include careful scholarship, exhaustive research, a Beardian conviction that men and nations are driven by economic motivations, a straightforward writing style that emphasizes facts without dramatizing the story

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(as Harrington's colleague and friend William B. Hesseltine taught his students to do), and a love of the word "key," as in key player or appointment or result. Among the advisers examined in this volume are Brooks Adams, Charles Conant, Admiral William Caperton, Thomas Lamont, Harry Hopkins and Arthur Vandenberg, so it has lots of "keys" in it.

Western Europe

FRITZ STERN

The Birth of Fascist Ideology. BY ZEEV STERNHELL AND OTHERS. Princeton: Princeton University Press, 1994, 338 pp. $29.95.

Sternhell, a scholar well known for his specialized studies of French right-wing extremism, has extended his work to cover the rise of fascist thought in Italy. He argues—and who would now deny it?—that fascism began as a cultural phenomenon, a rebellion against the prevailing political culture of pre-1914 Europe; it became a political force because of the Great War. He distinguishes between fascism and National Socialism and analyzes the work of major creators of fascist thought, especially the French syndicalist Georges Sorel. He recalls that the prewar longing for an alternative to Marxism (discredited in part because the proletariat had become pacifist) and to liberal democracy was combined with a new nationalism and with visions of a new heroism, and that this mixture had captivated many intellectuals and artists. Sternhell's insistence that fascist thought was just as rigorous and coherent as Marxism and liberalism seems controversial, and his account of Mussolini's intellectual and emotional journey from socialism to fascism is persuasive. The book is not particularly original, but by emphasizing the appeals of fascism it is a timely study, given the lamentable revival of fascist fortunes.

The Return of Civil Society: The Emergence of Democratic Spain. BY VICTOR PÉREZ-DIAZ. Cambridge: Harvard University Press, 1993, 357 pp. $35.00.

A superb analysis of Spain's successful transition from Francoism to democracy and a modern society. The author, a Spanish sociologist, emphasizes the gradual emergence of a civil society in Spain even before Franco's death and at a time when the authority and self-confidence of the Francoist state were declining. He discusses the desire of Spaniards to belong to Europe, how Spain dealt with the legacies of the civil war and Franco's rule, and how the once dominant and authoritarian Roman Catholic Church and Spanish labor dealt with a divisive past so as to ease the path to the consolidation of democracy. A humane, subtle and splendidly informative study of recent Spanish history, with important observations about the critical role of civil society in the political triumphs and failures of other countries. A greatly rewarding and rare example of the complementarity of sociological and historical interpretations of political change.

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Westminster's World: Understanding Political Roles. BY DONALD D. SEARING. Cambridge: Harvard University Press, 1994, 498 pp. $49.95.
An excellent account of the different positions or, as the political scientist Searing insists, the different roles from which members of the House of Commons must choose. The book is based on interviews with 521 members of parliament, and when the voices are interpolated, the book gives a fascinating description of the life of the House and of members with their different responsibilities and tasks. A valuable, often amusing and even readable account of how the House of Commons performs its diverse and increasingly important functions. The book is saddled with excessive quantification, distracting theoretical ruminations and the occasional banal conclusion such as that ambitious M.P.s are more likely to rise to Cabinet posts. Still, this is a highly informative work, the result of a study of over two decades, with an impressive mastery of literature, both classical and contemporary. Anthony Trollope, sometimes cited, is more telling here than many contemporary theorists, who are all too often cited.

Inside Hitler's Greece: The Experience of Occupation, 1941-44. BY MARK MAZOWER. New Haven: Yale University Press, 1993, 437 pp. $30.00.
A superb book on the horrors afflicting wartime Greece, from German terror to the suffering of famine-stricken people, to the destruction of Greek Jewry, to an account of Greek resistance and the ensuing civil war. A young English historian has done vast archival research and emerged with a gripping, readable and human account, setting every moment of a tragic period in appropriate context. He emphasizes Italian resistance to German efforts at murdering Jews, while insisting that the Wehrmacht and even the German Foreign Office were complicit with S.S. brutality. Richly illustrated and made more valuable by judgments explicitly relevant to the history of World War II: "The aims of the German terror system—throughout occupied Europe—were more far-reaching than punishing offenders . . . [they were] to extinguish the will and the imagination of the subject population."

Leading the Left. BY PETER SHORE. London: Weidenfeld & Nicolson/North Pomfret: Trafalgar Square, 1994, 218 pp. $39.95.
A Labour M.P. and sometime minister writes short and rather benign sketches of Labour's leaders, from the Christian pacifist George Lansbury to the present and not widely known John Smith. Shore is good on the diverse groups within the party and emphasizes why a party of the Left particularly needs an ideology or at least a precise social vision. Not surprisingly, he gives the highest marks to Attlee, but he is partial to Hugh Gaitskell as well, the self-conscious upper-class leader who to the dismay of many sounded a hostile note about Europe. Shore is better on the party than on the biographies of its remarkable leaders.

The Emerging Atlantic Culture. BY THOMAS MOLNAR. New Brunswick: Transaction Publishers, 1994, 113 pp. $27.95.

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Supercilious musings about important historical-political questions: how Americans and Europeans view each other's culture and how Europeans in particular regard America's growing presence there. The author, a European philosopher who has taught in the United States, believes that "America finds itself locked up in its ideology of a 'master-society' (as Hitler's Germans thought of themselves as the 'master-race') . . ." He regrets Europe's subservience to soulless America, even in matters of European laws now passed concerning sexual mores: "The imitation of rules and laws from the puritanical climate of the United States shows the unthinking, servile submission to alien mores." The topic, as suggested by the title, deserves serious study; the present essay is a compendium of once fashionable clichés.

Western Hemisphere

KENNETH MAXWELL

Final Justice: Police and Death Squad Homicides of Adolescents in Brazil. BY AMERICAS WATCH. New York: Human Rights Watch, 1994, 160 pp. $15.00.

This disturbing investigation of four Brazilian states (Rio de Janeiro, São Paulo, Pernambuco, and Espírito Santo) details a consistent pattern of vigilante killings of street children, often committed by death squads composed of off-duty policemen. Even though the international attention that followed the blatant murder of eight homeless teenagers outside the famous Candelaria church in Rio in July 1993 brought some improvement in the central government response, the high level of urban insecurity and the inadequacy of the judicial system and police continues to provide the perpetrators with the cover of popular acquiescence and even approval.

Final Justice, the title Human Rights Watch has chosen for its report, is the name of a death squad headed by a former military policeman that operates in the state of Rio de Janeiro. It is also the name given in Brazil to a popular American television show ("Equal Justice"). In the series a judge is forced to release suspects on technicalities but enforces justice with his own hands. A recent poll by Rio policemen found that the series protagonist ranked only behind Charles Bronson as a favorite hero. It is a sad indication of the intransigence of the problem, growing as it does from the grotesque social inequities of Brazilian society and disregard for the underprivileged, that a poll among Rio's middle-class population is unlikely to show different results.

At the Fall of Somoza. BY LAWRENCE PEZZULLO AND RALPH PEZZULLO. Pittsburgh: University of Pittsburgh Press, 1994, 336 pp. $29.95.

An unusually frank and gripping account of the last days of the Somoza dynasty's rule in Nicaragua and the Carter administration's confused, bumbling and self-defeating response to the rapidly deteriorating situation. This is very much

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a professional diplomat's view. Pezzullo, who was U.S. ambassador to Managua during this pivotal moment, has thinly veiled contempt for Somoza's cheering section in the U.S. Congress and the political scientists and political appointees who colonized U.S. embassies and the National Security Council and ill served their country with grand strategies, incompetent legwork and lack of resolve at critical moments. Pezzullo and his son, who collaborated with him in writing this book, have provided a fascinating and hard-hitting narrative based on long personal experience in the region, eyewitness participation in the dramatic events of these years, and extensive research and interviews.

Not all the inadequacies of crisis management described by the Pezzullos are likely to be repeated, of course. Nevertheless, this book has continuing relevance, not only because some of his interlocutors during the Somoza affair (Warren Christopher and Anthony Lake) are back in the corridors of power in Washington, but also because his staunch defense of the positions taken by some of his colleagues in the State Department at the time (Viron "Pete" Vaky, then Assistant Secretary of State for American Republic Affairs, in particular) demonstrates once again how much talent is lost to the U.S. government by the quiet resignations of principled individuals tired of the merry-go-round. Pezzullo, who was executive director of Catholic Relief Services when he wrote this book, is back in government service as President Clinton's special adviser on Haiti.

A large part of his story concerns the role of the Guardia Nacional and its fate as Somoza's power crumbled. His major problem was getting Somoza out while preserving some continuity in the institutions of state power. Now the issue in Haiti is getting a president back in and doing so in the face of opposition from another army that emerged, as had the Nicaraguan Guardia, from a previous U.S. occupation. Neither operation was or is easy, and Washington seems as confused over what to do with Haiti as it was in dealing with Nicaragua a decade and a half ago.

The Contemporary History of Latin America. BY TULIO HALPERIN DONGHI. EDITED AND TRANSLATED BY JOHN CHARLES CHASTEEN. Durham: Duke University Press, 1993, 408 pp. $45.00 (paper, $21.95).

The general reader as well as those who have more specialized interests in Latin America have lacked for many years a reliable introduction to the region's history. The translation and updating of Tulio Halperin's classic, long a favorite of Spanish-speaking readers throughout the hemisphere, is therefore a welcome arrival. Halperin, who teaches at the University of California at Berkeley, is one of Argentina's best-known historians, and he provides a sweeping overview that skillfully weaves social, political and economic history into a compelling and accessible narrative reaching from the colonial period to the present. Deeply rooted in original research, an enviable command of the secondary literature, and profound appreciation of the debates among economists over the causes of underdevelopment, this will quickly become the standard work in the field.

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He cautions: if the past demonstrates anything it is that the way ahead will follow the "zigzagging path of Latin America's incongruent and contradictory historical experience . . . ."

"In retrospect," Halparin concludes, "the naive promises of definite solutions to the region's historical dilemmas, repeatedly announced during the recent decades, serve as a warning that the next bend in the road is unlikely to be the last."

Eastern Europe and The Former Soviet Republics

ROBERT LEGVOLD

Russia under the Bolshevik Regime. BY RICHARD PIPES. New York: Alfred A. Knopf, 1994, 587 pp. $35.00.

With this third volume Pipes concludes what is the most considerable history project of our day devoted to imperial Russia, the Bolshevik revolution and the formative years of the Soviet regime. In it he adds to our knowledge of the Russian civil war (1918-21), particularly on the side of the forces opposing Lenin's government, including their brutality against Jews, of the regime's assault on the Russian Orthodox Church in the early 1920s, and of repression associated with the economic retrenchment known as the New Economic Policy.

The author, however, means to do much more than this; he means to capture the very essence of the Bolshevik experience—to get to the heart of Lenin's years in power, the years between 1917 and his death early in 1924. For some—including a large ready audience in Russia—he will have succeeded, because he makes the case against Lenin and his colleagues as well and as severely as a responsible historian can. For others, however, he will have fallen short, precisely because the case is so unrelenting, so single-minded. Not only do Lenin and those around him emerge as violent, partially obsessed, largely cynical people determined to seize, hold and enlarge power, but the environment in which these predators operate is equally uncomplicated. In the relationship between state and society, society's only role is to put up obstacles from time to time, which the Bolsheviks smash with cruel abandon.

The Rise of Russia and the Fall of the Soviet Empire. BY JOHN B. DUNLOP. Princeton: Princeton University Press, 1993, 360 pp. $29.95.

Dunlop was always an exception among Soviet specialists, as someone who studied Russia and the Russians even more than the Soviets and the Soviet Union. He puts this background to very good use here in a book explaining the crucial role of Russia in the collapse of the Soviet Union. Although he includes a brief section on the period of Russian independence, the book really deals with the Gorbachev period. It widens from a detailed treatment of the two key protagonists—Gorbachev and Yeltsin—and the way each played the Russia card, to the

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two key contrasting political forces—the Democrats and the so-called Statists (or conservatives)—to, finally, the way these figures and forces culminated in the fateful events of August 1991. Through a judicious mix of well-chosen detail and a good feel for the peculiarities of the Russian scene, Dunlop has produced a book equally valuable to someone trying to understand how Gorbachev's perestroika came a cropper and to someone who needs to know the immediate background of the Russia we now have.

The Soviet Tragedy: A History of Socialism in Russia, 1917–1991. BY MARTIN MALIA. New York: The Free Press, 1994, 556 pp. $24.95.

In the inevitable war over who was right and who was wrong about the Soviet Union, Malia fires not the sniper's first shot but a fusillade rivaling World War II posters of a darkness made brilliant by great batteries of Katusha rockets. Alas, there are some of us who think both (or all) sides were wrong enough to leave precious little ammunition for the war. Some of us would prefer less hubris and more willingness to confront afresh basic issues, leaving the straw men out of it, while straining to make the most of the insights that were neither side's monopoly. But since the war seems inescapable one can only hope the other side will uphold its end with the same searing elegance as he does his.

The answering volley will have to be good, because this is in many ways a brilliant book, powerfully argued and erudite. Malia does not settle for a narrow—say, economic—compass by which to judge the system's weakness. He probes to the very roots of its original vision and then beyond, back through the complex lineage of ideas to the Enlightenment itself. Its brilliance, however, is also the source of its deficiency: his boisterous, unyielding defense of the totalitarian concept and his slashing attack on not only the social scientists who found complexity in the Soviet experience but on much of modern social science as such cannot be sustained. And which to the author's credit, he does not sustain. Much of the book, when he gets to the events themselves, introduces a subtlety of analysis and even a good many judgments with which those he assails could easily live.

Russia and the New States of Eurasia: The Politics of Upheaval. BY KAREN DAWISHA AND BRUCE PARROTT. New York: Cambridge University Press, 1994, 437 pp.

An ambitious book that sets out to review in some detail not only Russia's unfolding policy toward the new states of the former Soviet Union but the underlying economic, cultural, ethnic and political bases for these relationships. All this is done not only for Russia but for the newly independent republics, grouped into the "western newly independent states" and the "southern newly independent states." To meet the task the authors have had to digest an enormous amount of information, and they distill this into neatly organized, easily accessible chapters. From these the reader will get a broad and rich background into the early phases of Russia's adaptation to what its leaders, alas, still insist on calling the "near abroad." What the reader will not get, however, is a deep appreciation of

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any of the many dimensions involved—ethnicity, economic relations, national and mutual security issues and so on—nor an elaborate or penetrating analysis of the dilemmas and directions of Russian foreign policy. Even without this, however, the authors have done more than their fair share.

The Soviet Social Contract and Why It Failed: Welfare Policy and Workers' Politics from Brezhnev to Yeltsin. BY LINDA J. COOK. Cambridge: Harvard University Press, 1994, 272 pp. $45.00.

This is an academic book, and a good one. Cook has taken a popular thesis in the community of those who studied the Soviet Union, one that explained the docility of the Soviet industrial working class as part of a social contract (the regime guaranteed a secure, albeit unspectacular, social and economic existence to workers, and they, in turn, left politics to the politicians), and subjected it to scrutiny. She not only looks at a great deal of the empirical evidence, she weighs the social contract thesis against a number of solid competing explanations, and finds in its favor. For specialists, this exercise alone is worthwhile, but, because she looks equally at the late Brezhnev years and most of the Gorbachev period, she generates insights into one of the large impediments to serious reform under Gorbachev: this social contract. She also has brief but interesting things to say about the uncertain labor-regime relationship that emerged at the end of the Soviet Union, when the leadership formally repudiated the "deal."

Middle East

WILLIAM B. QUANDT

Revolution Until Victory? The Politics and History of the PLO. BY BARRY RUBIN. Cambridge: Harvard University Press, 1994, 261 pp. $24.95.

The Palestine Liberation Organization is a perplexing movement. It has stumbled from one apparent setback to another; it is riven by factionalism; it has tried to pursue revolution and diplomacy as if there were no contradiction; and then, at the moment of winning recognition from Israel, it seems poised to lose its most precious asset, the support of the Palestinian people.

Barry Rubin captures some, but not all, of the nuances of this tangled tale. He misses few of the main events in his straightforward narrative of the political scene from 1964, when the PLO was founded, up to the signing of the Oslo Accords in September 1993. He dwells at length on the PLO's involvement with terrorism and Israel's response. And he seems to share the view that the PLO under Yasir Arafat missed many opportunities in the 1970s and 1980s to achieve the limited goal of rule over the West Bank and Gaza. This failure he attributes to Arafat's unwillingness to face up to the political reality that he had a weak hand and could never hope to achieve his dream of recovering all of Palestine. Once he concluded that he would have to settle for less, he was slow to prepare his own people for the need to compromise.

Missing are several important parts of

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the story. First is the issue of why the PLO succeeded, until quite recently, in winning the loyalty of the vast majority of Palestinians. We learn little about the PLO as an organization providing services to ordinary Palestinians or articulating their sense of dignity and aspirations for nationhood. How else could Arafat have survived so many setbacks? The author also seems to have little feel for the debates over strategy that began in the 1970s within the PLO. Instead, he sees a rather sudden move toward making peace with Israel only after the defeat of Iraq in the Gulf War and the weakening of the PLO's fortunes. But in the mid-1970s there were already many prominent Palestinians who were coming to terms with the idea of a two-state solution, much along the lines of current thinking.

Rubin seems to discount the importance of the Likud's advent to power in 1977. Just before that unexpected event, the Israeli Foreign Minister, Yigal Allon, had said that Israel might be prepared to deal with a PLO that accepted U.N. Resolution 242. When Menachem Begin became prime minister, that position was rejected, as was the idea of giving up any of the West Bank and Gaza to Jordan or the Palestinians. Unless Rubin can show that Begin and later Shamir were not serious when they said "no withdrawal," it is hard to see how he can conclude that the PLO, with Jordan, might have achieved its goal of ruling the West Bank and Gaza in the mid-1980s. Later, he correctly notes that Labor's return to power in 1992 was an important turning point in the peace process.

Even when Rubin is on target, his text is marred by many errors of fact, erroneous quotations, and other evidence of a rush to publish. For example, Arafat's famous statement in Geneva on December 14, 1988, which led to the opening of the U.S.-PLO dialogue, is misquoted. Until then, Arafat had said only that he "rejected" terrorism, which was not enough for Secretary of State George Shultz. Finally, on December 14, Arafat said he "renounced" it, which was the magic word the Americans were waiting for. But on page 110, Rubin misses all this and incorrectly quotes Arafat as using the word "reject."

Finally, the book has the feel of having been written with a different conclusion in mind. The analysis prepares the reader for the eventual demise of the PLO, too burdened by its own contradictions, its habits of violence, its lack of realism. But then Oslo happened, and another conclusion seemed necessary. So Arafat emerges as uniquely qualified to deliver the concessions necessary for peace with Israel, possibly the "savior of the Palestinian nation." If the earlier analysis often seems too dismissive of the PLO, the conclusions seem too hopeful. Perhaps we all need a bit more perspective before the real meaning of Oslo and the complex evolution of relations between Israel and the Palestinians can be put into perspective.

The New Middle East. BY SHIMON PERES WITH ARYE NAOR. New York: Henry Holt and Company, 1993, 224 pp. $25.00.

Israel's Foreign Minister is not short on the "vision thing," as this book amply demonstrates. Gazing optimistically into the future, he foresees a Middle East at peace, with regional economic cooperation

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expanding, democracy taking hold and a new coalition of right-minded countries facing up to the obscurantist forces of "Khomeinism." Along the way we hear about the Asian model of national politics, which is going to dominate the coming era. It will be characterized by using knowledge for profit, and military power will be overtaken by economic prowess. And the Red Sea-Dead Sea Canal, costing a mere $2 billion, will be the "Middle East's ticket to the twenty-first century." Then there is the danger of nuclear weapons—no mention of Israel's stockpile—and a host of other points made in somewhat rambling fashion.

This is not a book for serious historians, although Peres does drop a few tidbits concerning the events leading to the Oslo accords. Mostly it is a sketch, often an appealing one, of a future that could be, if peace comes to the Middle East. But a road map is not provided. And some of the specific proposals, such as relying on a regional development bank instead of the World Bank, are based on questionable premises.

The lack of a minimum of fact-checking and copy editing detracts from the book's seriousness. Still, the book reflects the man. Peres is one of the few leaders in the region who seems to be seriously trying to transcend the limits of the past and confront the issues of the future. For this alone he deserves praise.

Islam: The View from the Edge. BY RICHARD W. BULLIET. New York: Columbia University Press, 1994, 228 pp. $29.95.

The Islamic world is going through a great upheaval today, but not for the first time. In this impressive history, the author explains the complex processes by which early Islam incorporated new communities and, in doing so, was transformed. As a specialist on medieval Iran, Bulliet's most revealing narrative comes from that period. His basic point is to show that Islam, lacking a central religious hierarchy, has evolved as those on the "edge"—new communities entering the fold or newly mobilized sectors of society—turn to religious scholars for answers to a range of practical and spiritual questions. These scholars, or *ulama*, have relied heavily on oral traditions relating to the sayings of the prophet, or *hadith*, to provide answers. Through the interaction between the "edge" and sources of religious authority, new syntheses are periodically forged.

Turning to the present, Bulliet sees much the same phenomenon at work today as marginal social groups, often new immigrants to cities, turn to religious scholars, not governments or establishment Islam, to provide answers to their problems. Because these answers carry the weight of religious authority, they are more likely to achieve legitimacy in the eyes of many Muslims. Bulliet thus sees a future in which Islamists will eventually win out over secular nationalists. But precisely how this future will unfold is beyond his calling. Whether or not one agrees with its conclusions, the book is a model of scholarship, leaving the reader with a revised way of thinking about how Islamic movements evolve.

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The Making of Saudi Arabia, 1916–1936: From Chieftaincy to Monarchical State. BY JOSEPH KOSTINER. New York: Oxford University Press, 1993, 260 pp. $39.95.

This solidly researched monograph is an excellent account of how Saudi Arabia came into existence as a state. Tracing the evolution from tribal chieftaincy early in the century through the period of expansion and conquest in the 1920s, and then into the phase of consolidating the state in the 1930s, the author emphasizes local tribal factors at each stage. While not ignoring the important role of Abd al-Aziz, he avoids the hagiography that has marred some earlier accounts and gives due recognition to the ability of this shrewd leader who successfully forged a state out of feuding tribes. This is a densely written, rewarding book for scholars and those with a keen interest in the early years of Saudi Arabia.

The Israel-Syria Armistice Regime, 1949–1955. BY ARYEH SHALEV. Boulder: Westview, 1993, 255 pp. $32.50.

As Syria and Israel stand on the brink of serious peace negotiations, it is worth recalling that there have been previous negotiations between these two adversaries and that lessons can be learned from these past experiences. The author was an Israeli participant in the Mixed Armistice Commission with Syria, which was set up to help carry out the armistice agreement signed in 1949. His study is filled with information from Israeli and U.N. sources, although the Syrian side is less well told, for understandable reasons. Among the useful conclusions are that the parties to future negotiations should be clear about territorial issues and seek to embed their agreement in an overall peace rather than just another armistice.

The Gulf Crisis: An Attempt to Understand. BY GHAZI A. ALGOSAIBI. London: Kegan Paul International, 1993, 156 pp. $29.95.

By Saudi standards, this book by the current Saudi ambassador to Great Britain is remarkably candid. The author probes motives, raises issues that are frequently glossed over in public, and generally provides a coherent picture of how his countrymen, especially at the level of the establishment, saw the Gulf crisis triggered by Saddam Hussein's invasion of Kuwait. This is not a work of research or scholarship, but rather a series of reflections by a thoughtful Saudi who has a reputation for speaking his mind.

The October War: Memoirs of Field Marshal El-Gamasy of Egypt. BY MOHAMED ABDEL GHANI EL-GAMASY. Cairo: The American University in Cairo Press, 1993, 430 pp. $40.00.

The Arabic version of this memoir by a leading Egyptian military thinker and general has been available since 1989, and its publication in English assures that a wider audience will benefit from the author's insights and information. A highly useful historical source, with much new information on the events of October 1973 and the negotiations that immediately followed, in which the author participated.

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The Arab World After Desert Storm. BY MUHAMMAD FAOUR. Washington: United States Institute of Peace Press, 1993, 161 pp. $24.95 (paper, $15.95).

A survey of recent developments in six Arab states—Algeria, Egypt, Iraq, Jordan, Kuwait and Saudi Arabia—this book touches on many of the issues of concern throughout the Middle East. The author reviews social and economic problems, ponders the prospects for democracy, notes the decline of pan-Arabism and the fragmentation of the Arab system, and concludes with some thoughts on the peace process. The discussion is reasonable and balanced, but rather thin. Still, for an introduction to the contemporary Arab world, this is a good place to begin.

Turkey: A Modern History. BY ERIK J. ZÜRCHER. New York: I. B. Tauris, 1993, 381 pp. $49.95.

Among the states of the Middle East, Turkey is often pointed to as a success story in terms of its economic and political development. But recent problems with the Kurds have raised questions about the success of the national experiment. Even in secular Turkey, Islamist forces are making themselves felt. This excellent account will provide an interpretive framework and much historical context for understanding modern Turkey. Most of the book, however, is concerned with how Turkey made the transition from center of a declining empire to a vigorous modernizing state under Mustafa Kemal.

Asia and the Pacific

DONALD ZAGORIA

China's Far West: Four Decades of Change. BY A. DOAK BARNETT. Boulder: Westview Press, 1993, 688 pp. $39.95 (paper, $24.95).

This lengthy volume has at least two great strengths. The first is its combination of vivid journalistic description and the analysis of a seasoned political scientist. Like a latter-day Marco Polo, Barnett has explored the back ways of China's western interior to see how the post-Mao reforms have affected China's most remote areas. The second great strength is the author's ability to see China in historical perspective. During his travels, he revisited many cities and provinces that he visited as a young journalist in the late 1940s. Unlike many other observers of China today, Barnett sees a country that, viewed in historical perspective, is dynamic, not stagnant; progressing, not decaying. He shows in great detail how even China's most remote provinces have benefited from industrialization, urbanization, modern communications, better education, higher standards of living and skilled young leadership.

In a stimulating final chapter, Barnett dismisses the view among some analysts that Chinese communism will collapse or that China will move toward a new kind of economic "warlordism." Fundamental change in China, he argues, has historically resulted not from coups that affect only the top leadership, but from pro-

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longed decay and disintegration within an ancien régime, which leads to profound social and economic crisis. But China today, according to the author, is not decaying but rather engaged in a historic process of economic and social renovation.

Barnett is particularly convincing on the historic importance of the sweeping changes of leadership at the provincial, county and township levels that took place in the 1980s. These changes have led to the wholesale replacement of Maoist-era ideologues with better educated, professionally competent technocrats who are committed to rapid economic modernization.

Regionalism and Rivalry: Japan and the United States in Pacific Asia. EDITED BY JEFFREY A. FRANKEL AND MILES KAHLER. Chicago: University of Chicago Press, 1993, 472 pp. $63.00.

This volume, sponsored by the National Bureau of Economic Research, is an unusually valuable contribution to the literature on the Pacific economy and U.S.-Japanese economic relations in the Pacific. It stands apart from most volumes of collected essays because the essays are of almost uniformly high quality and the contributions are from both economists and political scientists.

In a concluding chapter, Martin Feldstein, president of the NBER, summarizes his findings:

—Japan has become the dominant investor and the leading supplier of development aid in the Pacific, but the overall regional trade pattern does not indicate that the Pacific is becoming a trading bloc or that Japan is playing a particularly central role in regional trade.

—There is no compelling evidence that Japan is seeking to become a hegemonic power in East Asia. The costs to Japan would be too great, and relations with the United States, Japan's largest market and strongest ally, would suffer. Moreover, the countries of East Asia would resist.

—The U.S.-Japanese alliance has been weakened by the collapse of the Soviet Union, which makes each country strategically less dependent on the other and more likely to pursue policies that have adverse effects on the other.

—The United States is not financially vulnerable to Japan but may be technologically vulnerable. The United States now depends on Japan for semiconductors, machine tools and many of the components of aircraft and military equipment. This situation is potentially dangerous because some future Japanese government might decide to ban military exports to the United States. To eliminate or reduce this vulnerability, Washington should seek greater access to Japanese strategic technology through joint production and other arrangements.

Japan's Foreign Policy: After the Cold War, Coping with Change. EDITED BY GERALD L. CURTIS. Armonk: M. E. Sharpe/New York: Columbia University East Asian Institute, 1993, 382 pp. $60.00 (paper, $22.50).

Reliable, scholarly accounts of Japanese foreign policy are rare, and so this collection of essays fills a gap. It is the result of a collaborative effort among 17 individuals, Americans, Japanese and Koreans, who received their doctoral training under James Morley, a recently retired

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professor of government at Columbia University. There are sections on Japan's diplomatic style, foreign economic policy, security policy, policy toward its East Asian neighbors and attitude toward the United Nations.

None of the authors sees any alternative to a close U.S.-Japanese relationship. In an overview of Japanese security policy, Susan Pharr argues that Japan has conducted its foreign policy as a good defensive driver navigates an automobile, seeking to minimize risk while exploiting every opportunity to move forward. This policy has gained Japan a number of advantages: low-cost security, regional stability, and the pushing of Japan's burden-sharing contribution into nonmilitary areas. Pharr does not see this fundamental foreign policy approach being undermined either by the end of the Cold War or by Japan's new status as an economic superpower. On the contrary, she is convinced that Japan will continue to pursue an activist, relatively low-cost, low-risk defensive strategy and that a dissatisfied United States, out of self-interest, will support such a Japanese policy nonetheless.

India and the United States: Estranged Democracies. BY DENNIS KUX. Washington: National Defense University Press, 1993, 514 pp. $26.00.

A retired U.S. Foreign Service officer who spent much of his career working in and on South Asia has written a carefully researched, balanced and thoughtful account of U.S.-Indian relations during the past half-century. There are chapters on each U.S. president's policy toward India, from F.D.R to Bush. There is a particularly good account of how Nixon and Kissinger misread the Bangladesh crisis of 1971 and, with their pro-Pakistani bias, succeeded in needlessly transforming a regional dispute into one that threatened to become a great power showdown. The main consequences were severe and long-lasting damage to U.S. relations with India and enhanced Soviet influence in New Delhi.

The end of the Cold War should in theory have a positive influence on U.S.-Indian relations. By removing the two principal sources of past friction—U.S. arms to Pakistan and India's close ties with the Soviet Union—the altered international environment offers a new point of departure for both sides. Indo-U.S. relations no longer need be hostage to U.S.-Pakistani and Indo-Soviet relations. But the author is properly cautious about whether the two countries will take advantage of this opportunity. One of the main obstacles is the often negative attitude toward each other of the foreign policy and national security establishments of the two countries.

Dilemmas of Reform in China: Political Conflict and Economic Debate. BY JOSEPH FEWSMITH. Armonk: M. E. Sharpe, 1994, 289 pp. $55.00 (paper, $19.95).

This is an account of the policy debates in China over economic reform during the 1980s and how those debates are related to policy struggles at the very top of the Chinese leadership. According to

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Fewsmith, the central political rivalry in the Deng era has been between Deng himself and another octogenarian veteran of the Long March era, Chen Yun. Although the two were closely allied at the beginning of the reform period after Mao's death, their relationship has steadily deteriorated. While Deng has emphasized bold experimentation with reform, rapid integration of China with the world economy and extensive marketization, Chen has wanted to maintain the leading role of the state sector and fears excessive economic and political dependency on the outside world.

Sowing the Seeds of Democracy in China: Political Reform in the Deng Xiaoping Era. BY MERLE GOLDMAN.
Cambridge: Harvard University Press, 1994, 426 pp. $39.95.

This is an account of the group of Chinese intellectuals around Hu Yaobang—until January 1987 the general secretary of the Chinese Communist Party—who sought to limit the party's power by democratizing the ideology and establishing democratic institutions as an alternative to one-party rule. The thinking of the group was influenced in part by the developments in China, most notably the Cultural Revolution, the rise of Solidarity and the slow erosion of communist rule in Poland, and exposure of the group to Western ideas and institutions.

Although the purge and subsequent death of Hu and the suppression of students at Tiananmen Square in 1989 dealt severe setbacks to China's fledgling democracy movement, the author concludes that the seeds for democratic changes have been sown. These include a change in the way intellectuals view their relations with the state; the beginning of competitive elections and secret ballots at the local level; a steady strengthening of the National People's Congress, a potential alternative to the party; and the beginning of a semi-independent press and autonomous organizations.

Africa

GAIL GERHART

Europe and Africa: The New Phase. EDITED BY I. WILLIAM ZARTMAN.
Boulder: Lynne Rienner Publishers, 1993, 211 pp. $35.00.

The contributors to this solid collection, on a sliding scale from veiled to outright pessimism, share the view that Africa's economic and strategic marginalization will increase as a result of the consolidation of the European Community and the end of the Cold War. Separate chapters consider Africa's investment, aid and trade relations with Europe as these are affected by the Lome Convention, the Single European Market created in 1992, and changing European security perspectives. The authors foresee continuing aid dependency in much of Africa and note the leverage this need gives donor states and the EC in imposing political as well as economic conditions on aid. African states are variously advised to improve their economic competitiveness, form more viable trading blocs, create better investment conditions through political and administrative reforms, and in all possible ways resist aid dependence.

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Uganda since Independence: A Story of Unfulfilled Hopes. BY PHARES MUTIBWA. Trenton: Africa World Press, 1992, 209 pp. $16.95 (paper).

It is hard to disagree with this author, a former history professor at Makerere University in Kampala, when he laments that Uganda has suffered more than its fair share of tribulations over the last quarter-century. Well endowed with natural resources and talented citizens, Uganda might have been one of Africa's success stories but instead became a tragic failure. Why? Despite ably narrating the story of the country's descent into anarchy and destruction and its gradual rehabilitation since 1986, the author never delves deeply enough in his search for causes. Instead of trying to explain the complex social, cultural and historical reasons why stable democratic politics could not take root after Uganda's independence, the book settles too easily for moralizing and heaping personal blame on the sorry procession of "political gangsters" and their henchmen who "trampled on the people's hopes."

Zaire: Continuity and Political Change in an Oppressive State. BY WINSOME J. LESLIE. Boulder: Westview Press, 1993, 204 pp. $46.95.

Good news from Zaire is hard to find, but at least one can hope for the bad news to be served up palatably. This highly informative introduction to Africa's worst-case development debacle provides a balanced and dispassionate overview of the country's history, politics, mineral-based economy, demography, social conditions and foreign relations. "Le mal Zairois"—corruption so endemic and so dismally abetted by Washington over decades of Cold War diplomacy—has now bestirred reform-minded forces in Zairian politics, but the author offers little evidence that the guileful Mobutu, or the kleptocratic system he has perfected, could become history any time soon.

The Lady: The Life and Times of Winnie Mandela. BY EMMA GILBEY. London: Jonathan Cape, 1993, 328 pp.

South Africa has approached the dawn of its new era with much of the dark side of its old era still stubbornly intact behind the rhetoric of peace and healing. The deep-seated fascism of the right finds its ongoing echo in the violent political correctness of township turf wars and thuggery, here blisteringly portrayed in the first non-hagiographic biography of the antiapartheid movement's favorite female icon.

Mandela's odyssey from willful Transkeian schoolgirl to bloodstained political termagant has been prime media fare, and for good reason. It is a tale with blighted virtue, love and loss, relentless persecution, and agonized attempts at damage control—all the ingredients that make some lives more interesting than the best fiction. The author has approached her task with laudable seriousness, objectivity and skill, and the result is a riveting and far from reassuring glimpse into the past—and possible future—within the darker reaches of the South African struggle.

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Arming Rwanda: The Arms Trade and Human Rights Abuses in the Rwandan War. New York: Human Rights Watch Arms Project, 1994, 64 pp.

Ethnic civil war in Rwanda 30 years ago created a large diaspora of exiles opposed to the Kigali regime. In late 1990 an armed exile force invaded Rwanda from Uganda and was repulsed, but continued intermittently to harass civilians in the north of the country and engage the Rwandan army and self-defense militias until a tenuous peace agreement was signed in mid-1993. This report by the Arms Project of Human Rights Watch argues that flagrant human rights violations were committed by both sides during this war, and that countries that provided weapons to the combatants—principally Egypt, France, South Africa and Uganda—should not have done so, and should now stop doing so, given that the proclivity of both sides to abuse civilians and violate the laws of war are well known.

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Letters to the Editor

Who Will Guard the Russians?

To the Editor:

In "The Premature Partnership" (March/April 1994), Zbigniew Brzezinski offers a trenchant critique of the unfounded optimism underlying recent American policy toward Russia. But while Brzezinski has correctly identified the flaws of the Clinton approach, his own prescription—the pursuit of geopolitical pluralism in the former Soviet Union—relies on assumptions that are no less optimistic than those of the administration.

Brzezinski calls for "a more balanced distribution of financial aid to Russia and to the non-Russian states" but fails to explain why any of these states—even with U.S. aid—could ever be strong enough to stand up to Russian power. Russian interests in, and leverage over, states such as Georgia, Belarus or Kazakhstan will always be much greater than anything the United States can compensate with economic credits. Does Brzezinski really believe that Kyrgyzstan, Turkmenistan and Uzbekistan (with their Russian minorities and lack of governing traditions) can be developed, even with U.S. help, into modern Taiwans or South Koreas, capable of containing their larger neighbor (or that the United States would ever be prepared to help militarily as it does in East Asia)? And while it may indeed be "urgent and essential" that the United States use economic carrots to convince the Ukrainian government to adopt economic and political reforms, why would doing so be any more successful in Ukraine than it has been in Russia so far? Is this not the same approach that the author has found so naive where Russia is concerned?

Russia's transgressions of its neighbors' sovereignty in places such as Georgia are indeed ugly, and Brzezinski's call for the United States to "be more responsive to the need for international peacekeeping" efforts should be heeded unless, of course, Brzezinski means that the United States itself should get involved, since local fighters now know that the best way of ending U.N. peacekeeping missions is to kill American troops. But it is fanciful to believe that the United States can "continue the pursuit of a deepening friendship with Russia" while carrying out a strategy that from Moscow's point of view would look very much like encirclement, and the United States should not pretend that the conflicts on the rim of the former Soviet Union are the product only of Russian meddling or that the situation would be better if the Russians just stayed out. Georgia may have deserved better than a

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Russian intervention, but nothing was worse than the atrocious civil war that was raging there during 1993.

Brzezinski, who deserves credit for having warned about the perils of "Russia first" long before this became conventional wisdom, is right that the West cannot simply turn its back in order to pursue an elusive partnership with Russian President Boris Yeltsin, and one hopes that his critique will have some influence on the administration's new course in the wake of last December's election surprise. But instead of Brzezinski's unlikely geopolitical pluralism, Washington would be better off deciding what is possible and vital to its strategic interests. To believe that Russia can be transformed into a postimperial Britain, France or Turkey would be nice, but Russia is not geographically distant from its "colonies" like the first two were, nor prepared to lose a major war (World War I) like the latter.

PHILIP H. GORDON
Senior Fellow for U.S. Security Policy, International Institute for Strategic Studies

To the Editor:

Zbigniew Brzezinski's axiom that "Russia can be either an empire or a democracy, but it cannot be both" is far from compelling. Nothing in ancient or modern history suggests that democracies at home cannot be empires abroad. For example, Britain and France were democracies during much of the time they conquered and held the world's largest colonial empires and if not for the slaughter of the two world wars might well be holding them yet. America's own imperial experience, from the heyday of Manifest Destiny to this century, was not hindered unduly by democratic institutions; Mexico, Spain and quite a few countries in the U.S. near abroad of Central America could easily attest to that reality. The United States might not want to see a democratic Russia emulate the imperial past of other democracies, and perhaps that particular country cannot have it both ways, but Brzezinski needs to find a different axiom with a firmer evidential foundation upon which to base his preference for that outcome.

ALAN NED SABROSKY
Memphis, Tenn.

ROLL BACK DUAL CONTAINMENT

To the Editor:

In one breath Anthony Lake ("Confronting Backlash States," March/April 1994) calls Iran's theocracy an outlaw, terrorist regime and states that the "Clinton administration does not oppose the Islamic government nor does it seek the regime's overthrow." He also advocates support of the Iraqi National Congress and its organizations in the hope of ousting Saddam Hussein but discourages support of Iranian groups that want to restore the dignity, freedom and economic growth Iran enjoyed prior to its current religious dictatorship. This policy is not only contradictory; it is counterproductive to international peace.

The power base in Iran is an emboldened manifestation of a revolutionary ideology and religious absolutism. Iran's clerical regime rides on a wave of public disenchantment among the world's have-nots. This regime thrives on exploitation of mass hysteria and emotion to propagate self-fabricated religious doctrines

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and insidious political philosophy. The very survival of the government depends on repression at home and militancy abroad. Unlike Iraq's government, the Islamic regime is capable of providing financial, ideological and material support to international terrorism against secular values and orderly human rights reform. It is a serious menace to the stability of many governments and to peace in the region and throughout the world.

"Washington," Mr. Lake states, "does not take issue with the 'Islamic' dimension of the Islamic Republic of Iran." That President Clinton's national security advisor cannot differentiate between Islam and the "Islamic" dimensions of the current Iranian regime is hard to believe. The Islamic government of Iran practices a fundamentalist, politicized dogma that tolerates no dissent from its policies. It has shown a brazen disregard for the sanctity of the life, liberty and property of its opponents.

How can the United States, as the vanguard of democracy, not oppose a system of government that has no respect for human rights, perpetrates violence and fuels anti-United States xenophobia around the globe? In the past the United States and its Western allies have actively worked to undermine totalitarian regimes, much like the current one in Iran, by supporting grass-roots movements determined to establish democracy. Why could such a policy in the long run not work in Iran?

ARYA AZAD

Secretary General, United Front for Democracy in Iran

A JITTERY UKRAINE

To the Editor:

Ted Galen Carpenter ("Closing the Nuclear Umbrella," March/April 1994) describes as "worrisome" the widespread public sentiment in Ukraine for retaining nuclear weapons. The overwhelming opinion in the West is that becoming nonnuclear is in Ukraine's best security interest. Why then does a nuclear sentiment persist in Ukraine?

The last time Ukraine declared independence—in 1918—Moscow invaded it. Today concerns over a revival of the past have been heightened. As the articles by Zbigniew Brzezinski ("The Premature Partnership") and Yuri N. Afanasyev ("Russian Reform Is Dead") indicated, "central planning" in Russian domestic policy and a "military influence" in its foreign policy have returned.

This retrenchment is a historical trait of the Soviet Union, which has consistently alternated between liberalization and authoritarianism. In the 1920s, when the Soviet Union was forming, liberal programs such as the New Economic Policy were introduced to increase farm and industrial production. In Soviet Ukraine, the Ukrainian language and culture were promoted after czarist regimes had suppressed them. When Joseph Stalin took power all these activities were silenced. Through a forced famine, which caused the death of over seven million people in Ukraine in 1932-33, the Kremlin sought to liquidate the Ukrainian identity. Stalin's death brought Nikita Khrushchev to power, and attempts at reform and internal liberalization replaced rule by an iron hand. The overthrow of Khrushchev brought a return of complete authoritari-

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anism with Leonid Brezhnev. In 1982, 18 years of stagnant Brezhnev rule gave way to the perestroika and glasnost of Mikhail Gorbachev.

Today an independent Ukraine looks at Moscow from the outside and sees the political pendulum swinging again. This creates a natural nervous reaction that expresses itself in pronuclear sentiment.

BOHDAN SKROBACH
Toronto, Canada

THE EVIL RATIONALE

To the Editor:

John Lewis Gaddis ("The Tragedy of Cold War History," January/February 1994) says that because the Soviet Union, like Nazi Germany, represented "absolute evil," the United States and the Soviet Union could not have just gotten along. But can the cruelty with which the Soviet regime treated its own people justify the wrongdoings of the United States? Imagine if Hitler had won the war with the Soviet Union and found evidence of Soviet evil in captured archives. Would Hitler's claim that the war was justified sound convincing simply because his enemy had been so vicious? It is hardly logical to say the United States was right to support the firing squads in El Salvador just because the Soviet Union executed its people mercilessly, or that the viciousness of the Soviet regime justified U.S. support for Pol Pot's claim to Cambodia's U.N. seat, given the well-known genocide committed by the Khmer Rouge. Was not this genocide also absolute evil?

The United States does not need any justification for its containment policy beyond that of the balance of power and national interest. The Soviet empire was revolutionary, expansionist and perhaps even capable of destroying the United States. That was justification enough—without resorting to the domestic attributes of the enemy—for the strategy of the United States in the Cold War.

ZHANG RUIZHUANG
Albany, Calif.

IRAQ WAS A PAPER TIGER

To the Editor:

Eliot A. Cohen ("The Mystique of U.S. Air Power," January/February 1994) warns rightly of "glib talk of revolutionary change" but fails to mention the danger of building the mystique of U.S. air power on a war in which effectively no enemy showed up.

On paper, U.S.-led coalition forces faced a formidable opponent. In the event, however, the number of Iraqi interceptors, surface-to-air missile batteries and armored divisions facing the coalition was largely irrelevant because, for some reason that is not completely clear to this day, the soldiers operating the Iraqi weapons systems lost their will and capacity to fight. The concentrated application of air power probably was a decisive factor in shattering the Iraqi army's spirit. Nevertheless, it would be a grave mistake to assume that in future conflicts the application of U.S. air power will have a similar effect. The next war may be less like a logistics exercise or technical shooting gallery than a collision of two military powers more typical of war.

DR. AMOS KOVACS
Science Fellow, Center for International Security and Arms Control, Stanford University

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THE ENERVATED WEST

To the Editor:

Václav Havel ("A Call for Sacrifice," March/April 1994) is afraid that the West's consumer affluence remains more important than all the "foundations of that affluence" and that the West will not accept its responsibility for the new "organization of things . . . in the northern hemisphere." Mr. Havel, of all people, should know what years and years under communism does to the mind-set of people. But living for many years under socialist and welfare-state governments has similarly influenced the mind-set of Western peoples. Not consumer affluence, but the indoctrinated idea that people have a right to be looked after by government—a concept that discourages a sense of responsibility—has affected the attitude of the West toward others. Lee Kuan Yew sums it up well in "Culture Is Destiny" (March/April 1994): "Westerners have abandoned an ethical basis for society, believing that all problems are solvable by good government."

DAPHNE P. ALLAN
Howey, Fla.

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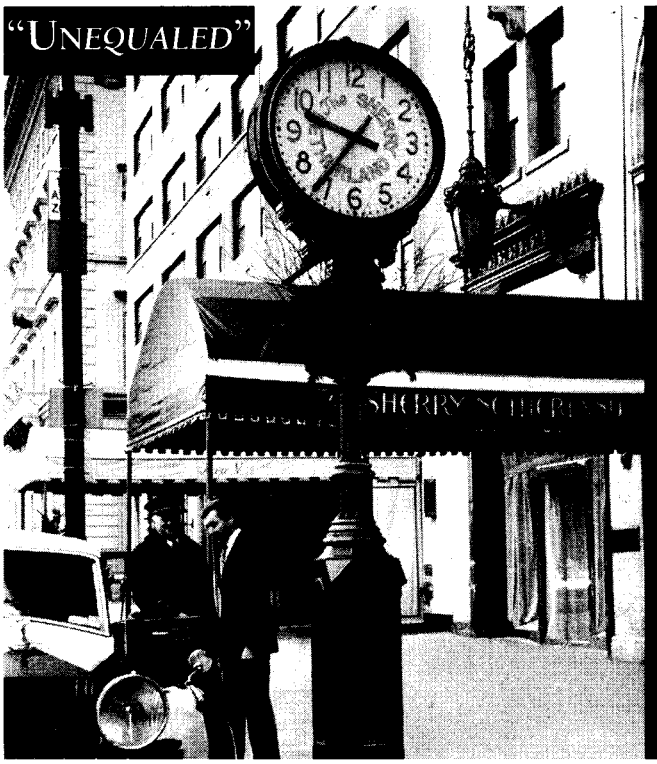

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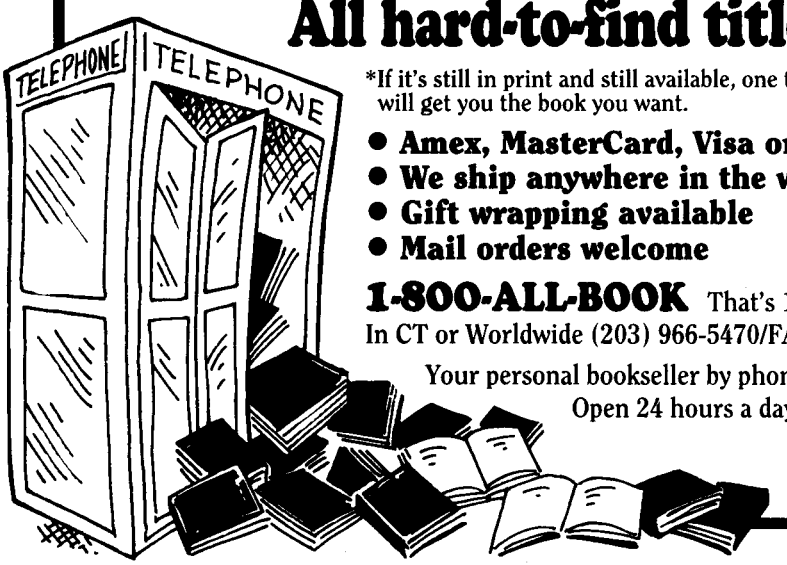

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